

CIS *Anti Report*



fused any other steward; but the thing has gone through. In 1972 Ford used the pretext of a sympathy strike in support of a rent demonstration, to break up the Wet Deck, sending 29 men to different sections. Ford have managed to have it their own way for nearly two years. The defeat of the shop stewards left the shop floor in Ford's plants without a coherent leadership and little direction. Although Ford certainly did not get things all their own way, shop floor militancy lacked unity and the struggle developed haphazardly.

Aftermath

The Spring 1974 Pay Claim was a squalid affair. It was settled with little or no confrontation, within Phase 3 of the Conservative government's Pay Freeze. It left considerable ill-feeling on the shop floor. By September 1974, with the government defeated and the run up to the General Election, the whole issue of pay and conditions was bust right open at Ford with a determined walk out by 1,800 Press Shop workers at Dagenham.

Ford workers felt that the wages gap that had left them the lowest paid car workers in Britain was widening. Bitterness still hung over from the 1971 defeat after a nine week strike for parity. They had got an £8 increase over two years out of that. In 1973 (Phase 2) they got another £2.40 and in the Phase 3 fiasco just £2.60.

In July 1974, when government wage restraint was finally abandoned, the basic wage for day-time line workers at Ford was £38, for a 40-hour week. They didn't have to look far to gauge just how miserable that wage really was. Chrysler workers in Coventry for example, had just settled for a basic rate of £53.57, almost £16 a week more for the same work. Turnover at Fords, always high, became worse than ever. There were also an unprecedented number of disputes originating on the shop floor, that Ford management found they could not handle. Ford workers, unable to improve overall wages by shop-floor action, were trying everything to lighten their workload, from simple insubordination to the demand for less work.

These skirmishes eventually focused on one issue — the fight against lay-off. For one thing inevitably followed from these disputes. Wherever a dispute originated it led to bottlenecks in production. Ford's solution was to lay workers off without pay. (see Casual Labour)

But for the moment, Ford faced with a major production crisis, were ready by September 1974 to abandon the contract made in the Spring, and reopen negotiations with the union on the question of pay. This effectively deflated the growth of shop floor militancy, and once again placed the union side of the NJNC at the centre of the stage. The men wanted an end to lay-offs without pay, and an interim pay award. They were to get much more than they bargained for.

The daily attack on Ford production by the shop floor had seriously eroded the authority of the unions. They had tacitly supported the Tory wage freeze. This had limited the negotiating arm of the NJNC and shifted the action to the shop floor. The October 1974 interim pay agreement, was designed, among other things, to set right this imbalance, in favour of Ford and the official union negotiating team — the NJNC.

Discipline

Superficially the pay offer was attractive. An additional £7 to £9 gross, with increases in 12 and 18 months. Once again the contract was to run for 2 years. But written into the agreement alongside the money were harsh productivity and manning deals.

Central to the 'new discipline code' was the requirement that workers should be prepared to move around if necessary from job to job, and that a pool of 'Utility Men' should be on hand for use where necessary. A huge recruitment campaign (on TV and in the press) followed the agreement. Incoming workers were deliberately placed to break up and recompose whole sections, and shifts. The Press Shop at Dagenham, for instance, which has led the October 1974 strike, found itself with two to three hundred new workers.

The unions in the plants co-operated. The informal organisation that had existed before could not survive the turnover, absenteeism, the addition of 'green' labour, and the imposition of procedure supported by union officials. Speed up was inevitable.

Without any coherent shop floor leadership Ford had it all their own way. This also left Ford with exceptionally high stocks of cars. When the expected recession hit Britain in the Spring 1975 the unions were in a strong position to control shop floor resistance to closures and short time working.

Moss Evans was first to speak "Disruptive action will not persuade people to buy cars". The Secretary of the Ford Convenors supported this view: "This is not the time to go off at a tangent. It is a situation when the trade unions have to keep clear heads." (*Evening News* 19.2.75) And from the NJNC came the message "We have already collected over 1,000 signatures... and we shall have a meeting with our MPs at the House of Commons."

One fifth of Ford workers were put on short-time. They would get 80% of basic hourly rates during the period they were laid off. But a Ford spokesman added: "The fund is not inexhaustible."

Ford's workforce was isolated. Shop steward power in both Dagenham and Halewood had been sapped. The trade union leaders were in close partnership with the Labour Government, more concerned with its survival than the interests of the Ford workers. Union leaders described the situation at Ford as 'unacceptable' but hastened to point out "We've got a good NJNC, and they're right behind us".

Ford's war against the power of shop stewards and militants on the shop floor continues. In June 1977 a particularly strong 'shop' in the Body plant was divided into two. The stewards were confined to one half of the shop only. "They're chasing the stewards around all the time. Every time they go off their jobs to see to an issue they are taken off pay." (Dagenham Ford Workers Group)

Merchants of Death



A lot of changes have been made since Henry Ford I set out in a hired ocean liner full of fellow pacifists to try and stop the first World War. The second World War demonstrated to the car-makers just how profitable the war business is, and they have not looked back since.

Ford's war-time programme produced 8,600 B-24 Liberator bombers, 57,000 aircraft engines and over a quarter of a million jeeps, tanks and other assorted war machines, all in less than three years. Without the war contracts the company might well have collapsed before Henry Ford II could take over. The lesson was not lost, and Ford has become a major contender for the increasingly lucrative contracts emanating from the United States Department of Defence.

The technologies of space research, satellite communications and modern weapon systems are ever more closely related. Government contracts for all these sectors are carried out by the Ford Aerospace and Communications Corporation. This subsidiary also produces radios, air conditioning components and electronic devices for Ford vehicles. Its original name was the Philco-Ford Corporation. This was changed to Aeronutronic Ford Corporation in 1975, and it became the Ford Aerospace and Communications Corporation in December 1976.

In war or in peace military business makes money, but actual hostilities always widen the market. In 1967 *Business Week* ran an article entitled 'What Viet Nam is Teaching Philco', which begins 'The company's contracts with the

military for behind-the-lines services such as transport and warehousing are providing experience it hopes to apply in other underdeveloped nations.'

Starting with a small contract to supply roadbuilders, Philco-Ford built up a \$32million a year contract involvement, which included 'conducting a vehicle maintenance service for the whole Da Nang combat command, supplying and operating an Army vehicles parts supply line and warehousing system, stretching from Tacoma, Washington, to Saigon, and keeping the dockside handling equipment in running condition in Viet Nam' (*Tri-continental News Service, American Report*, December 10th, 1971).

Ex-Ford man Robert McNamara was a great proponent of the electronic battlefield when he was Defence Secretary, and Philco-Ford was a major supplier of sensing and communications systems in South East Asia in the 60s. The first electronic sensing network set up in South East Asia was called the 'McNamara Wall'. Philco had already built aircraft warning and control systems for the Shah of Iran, an 'Integrated Joint Communications System' for Japan, Taiwan and the Philippines, a nationwide telecommunications network for the US Airforce in South Korea, and a global 'secure voice network' for the Pentagon. At the end of 1968 Philco completed installation in Thailand of a \$100million communications system specifically designed to meet Thai military demands. Its major use was to perform secret services for the American military, and to function as part of the Pentagon's worldwide defence communications system, run by a combination of specially trained

army men and Philco-Ford technicians.

The vice-president of Philco-Ford's Communications and Electronics division, in an interview in *Electronic News*, waxed eloquent on the future business prospects afforded by expected 'fundamental changes in geopolitics and America's strategic policies'. He saw the evolution of new super systems of massive troop transports serviced by a new generation of fast supply ships. And business prospects for Philco-Ford were rosy. 'For those of us in military telecommunications this development means that the traditional lines between strategic and tactical equipment will blur', said the vice-president. 'We can see the need for fixed, strategic trunking networks, which tie our bases together, will diminish. And in their place we will develop transportable telecommunications equipment that may be taken anywhere, anytime, and set up immediately for high capacity communication, via satellites, back to the States.'

As well as electronic warning and 'communications' systems, including a number of 'defence' satellites, Philco-Ford was already working on missiles, among which were the Shillelagh anti-tank missile and the Army's Chaparral air defence missile system. Consolidated defence and space sales in 1967 by the Company and the Philco-Ford subsidiary totalled \$429-million, up 14% on the 1966 total. Ford Tractor Operations received government orders for over 38,000 M151 quarter-ton military trucks during 1967, worth \$111million. A further order in early 1968 for production of the Army's M-656 5-ton cargo truck was worth \$27million, and was designed by the company's Special Military Vehicles Operations.

Philco-Ford's Educational and Technical Services Division furnished 'logistical support' to the US Navy's activities at Da Nang in South Vietnam at a price of \$19million.

All in all, the Vietnam war proved to be a very profitable enterprise for the Ford Motor Company — so much so that they felt it worth while supplying 5,000 civilian technical advisers.

Ford's Defence and Space Sales have grown throughout the 1970s:

	\$million
1972	293
1973	369
1974	261
1975	389
1976	431

In 1974 Ford received a \$96million contract to build the worldwide network of ground terminals for the US Department of Defence's second generation defence satellite communications system. In 1975 Aeronutronic Ford announced that it was developing a new guidance system employing laser beams for air defence systems, as well as continuing to produce guidance and control systems for Sidewinder air to air missiles.

By now Ford was the biggest producer of communications satellites in the world. In 1976 it announced that it had now built a total of 39 Earth satellites, had installed 54 major satellite earth stations, and over 800 ground communications terminals worldwide. The strategic advantages of these should not be overlooked. Ten years earlier the vice-president of Philco-Ford's Communications and Electronics Division had said that he viewed earth terminals for satellites as "bridge-heads for development of modern telecommunications in more backward sections of the world".

The 1976 Report and Accounts spelled out the increasing importance of the overseas arms market: 'The subsidiary also produces certain defence products for the United States and other governments. The products include tactical and air-defence missile systems. Some of the sales are made directly to the US government which, in turn sells some of

the products to foreign governments. Ford's military sales made directly to foreign governments are controlled by licenses from the US Department of State.'

In 1976 it became possible to obtain information publicly for the first time about companies applying for licenses under the Foreign Military Sales Act. There are 22 categories on the US Munitions list, and companies apply for licenses by category. Companies may, but do not necessarily in any given year, export items in those categories. In 1975 Ford filed its application for a five-year registration. The application included a list of Ford's munitions list manufactures and/or exports:

- Category I — Firearms and Components
- Category II — Guns over Caliber .50
- Category III — Ammunition Components and Parts
- Category IV — Launch Vehicles, Guided Missiles, Ballistic Missiles and Rockets and Components for above
- Category V — Gun and Gun Sight Mounts and Missile Systems for Vessels of War and Other Special Naval Equipment
- Category VI — Tanks and Military Vehicles and Specifically Designed Components
- Category VII — Aircraft, Spacecraft and Associated Equipment
- Category VIII — Military Training Equipment
- Category IX — Military Body Armour
- Category X — Military and Space Electronics
- Category XI — Fire Control, Range Finder, Guidance and Control Equipment
- Category XII — Auxiliary Military Equipment, Including Space Cameras, Speech Scramblers and Cryptographic Devices and Components, and Armour Plate
- Category XIII — Technical Data

The Council on Economic Priorities, an American organisation which publishes detailed information on the practices of US corporations, printed a list of the US Defence Department's top 100 contractors in its August 1977 newsletter.

Ford Arms Sales to US Government

year	Rank (in top 100)	Contracts (mil \$)	% of sales
1972	28	196.5	1.0
1973	26	213.9	0.9
1974	32	174.8	0.7
1975	27	259.7	1.1
1976	27	285.4	1.0

'As the Carter Administration takes office on January 20, the Pentagon's weapons buyers will be setting out on their biggest shopping spree in nearly a decade. Their pockets are jingling with more cash than they have seen since 1970 . . . ! (*Business Week* 10.1.77)

'One reason for this 'very good news' for the nation's defence industry' *Business Week* reported, is that Defence Department outlays for procurement are rising, both in constant dollars and in percentage of gross national product — and can be expected to continue rising into the 1980s. Another reason is that new Pentagon procurement policies are reducing the risk for contractors and improving profits by allowing companies to charge the government for the cost of money used to buy or lease plant and equipment' (National Action/Research on the Military Industrial Complex).

The Ford Motor Company makes large amounts of money from armaments and at the same time strengthens that interdependence between corporation and state which is a growing feature of multinational development. The scope for profiteering in the arms trade is enormous, especially with the willing partnership of the Pentagon, which is eager to sell Congress' bigger and better weapons systems. No-one seems to question the huge price-hikes which accompany this trade. The Sidewinder missile, for instance, has increased in price by 99% between 1975 and 1976, from \$23,375 to \$46,450. None of the market considerations and price constraints that exist in the auto trade have any relevance in the weapons trade. No market capacity, no import threats, no styling headaches, no emission controls, no energy policy constraints — and a truly captive market. The taxpayer keeps on paying. And best of all, if the product kills someone — the contract is probably increased.

The Cost of Dying

Ever wonder what your life is worth in dollars? Ford has it all worked out: \$200,000

"Nobody's making a consumer buy anything. He buys of his own free will. Now, if we build a lousy car, he is getting screwed. And we build lots of lousy cars, no question about it; can't deny that." (Henry Ford, April 17, 1977)

In 1955, Robert McNamara, head of the Ford Division, devised a sales strategy based on safety features introduced into that year's models. General Motors didn't like that at all. The Ford advertisements conveyed the undiluted message that when their cars were involved in crashes, the new safety features would diminish the owners' injuries — and would do so more effectively than their competitors' cars.

Safety Doesn't Sell

"At GM, cars were promoted as dream boats in order to sell more cars for shorter holding periods. Ford was taking the romance out of cars, injecting collisions and casualties and other unpleasantness into the motorists' decision about which car to purchase. Should this continue, GM saw the joy going out of owning an automobile, with the fear of crashes replacing the hope of psychosexual gratification which their ads projected.

"... GM executives flipped and came down hard on McNamara. He not only was promoting safety to bolster the sagging sales of a model year that had little else to offer, he appeared to be genuinely interested in safety.

"The number-one auto giant was not without friends at high Ford Motor Company levels. Ford's chairman of the board, Ernest Breech, was formerly GM's chief financial officer; Dale Harder, Ford's head of manufacturing, had had a similar position in General Motors; and Louis Cruisoe, executive vice president of the car division, was formerly with the Cadillac division of General Motors. These gentlemen understood the market power of General Motors. The only slightly exaggerated saying at Ford at that time was that Chevy (Chevrolet division) could drop its price \$25 to bankrupt Chrysler and \$50 to bankrupt Ford. GM said stop and Ford literally screamed to a halt, with the aforemen-

tioned ex-GM Ford executives getting McNamara to switch gears to an advertising campaign that emphasized styling and performance rather than safety.

"... The auto industry's most effective myth began to grow. 'Ford sold safety while Chevy sold cars,' cracked the Detroit iron masters during the next decade when safety advocates urged the auto manufacturers towards more crash-worthy vehicles." (Nader, *Unsafe at Any Speed*, Second edition).

In September 1977, *Mother Jones*, an American consumer magazine, exposed the horrific example of the irreconcilable conflict between profits and human life. "Although this particular story is about the Pinto, the way in which Ford made its decision is typical of the US auto industry generally. There are plenty of similar stories about other cars made by other companies."

Here we reprint a slightly shortened version:

"By conservative estimates Pinto crashes have caused 500 burn deaths to people who would not have been seriously injured if the car had not burst into flames. The figure could be as high as 900. Burning Pintos have become such an embarrassment to Ford that its advertising agency, J. Walter Thompson, dropped a line from the end of a radio spot that read "Pinto leaves you with that warm feeling."

Firetrap

Ford knows the Pinto is a firetrap, yet it had paid out millions to settle damage suits out of court, and it is prepared to spend millions more lobbying against safety standards. With a half million cars rolling off the assembly lines each year, Pinto is the biggest-selling subcompact in America, and the company's operating profit on the car is fantastic. Finally, in 1977, new Pinto models have incorporated a few minor alterations necessary to meet that federal standard Ford managed to hold off for eight years. Why did the company delay so long in making these minimal, inexpensive improvements?

Ford waited eight years because its inter-

nal "cost-benefit analysis", which places a dollar value on human life, said it wasn't profitable to make the changes sooner.

Mother Jones has studied hundreds of reports and documents on rear-end collisions involving Pintos. These reports conclusively reveal that if you ran into a Pinto you were following at over 30 miles per hour, the rear end of the car would buckle like an accordion, right up to the back seat. The tube leading to the gas-tank cap would be ripped away from the tank itself, and gas would immediately begin sloshing onto the road around the car. The buckled gas tank would be jammed up against the differential housing (that big bulge in the middle of your rear axle), which contains four sharp, protruding bolts likely to gash holes in the tank and spill still more gas. Now all you need is a spark from a cigarette, ignition, or scraping metal, and both cars would be engulfed in flames. If you gave that Pinto a really good whack — say at 40mph — chances are excellent that its doors would jam and you would have to stand by and watch its trapped passengers burn to death.

Lies

This scenario is no news to Ford. Internal company documents in our possession show that Ford has crash-tested the Pinto at a top-secret site more than 40 times and that every test made at over 25mph without special structural alteration of the car has resulted in a ruptured fuel tank. Despite this, Ford officials denied under oath having crash-tested the Pinto.

Eleven of these tests, averaging a 31mph impact speed, came before Pintos started rolling out of the factories. Only three cars passed the test with unbroken fuel tanks. In one of them an inexpensive light-weight plastic baffle was placed between the front of the gas tank and the differential housing, so those four bolts would not perforate the tank. In another successful test, a piece of steel was placed between the tank and the bumper. In the third test car the gas tank was lined with a rubber bladder. But none of these protective alterations was used in the mass-produced Pinto.

Why was a car known to be a serious fire hazard deliberately released to production in August of 1970?

Like the Mustang, the Pinto became known in the company as "Lee's car". Lee Iacocca wanted that little car in the showrooms of America with the 1971 models. So he ordered his engineering vice president, Bob Alexander, to oversee what was probably the shortest production planning period in modern automotive history. The normal time span from conception to production of a new car model is about 43 months. The Pinto schedule was set at just under 25.

Design, styling, product planning, advance engineering and quality assurance all have flexible time frames, and engineers can pretty much carry these on simultaneously. Tooling, on the other hand, has a fixed time frame of about 18 months. Normally, an auto company doesn't begin tooling until the other processes are almost over. But Iacocca's speed-up meant Pinto tooling went on at the same time as product development. So when crash tests revealed a serious defect in the gas tank, it was too late. The tooling was well under way.

When it was discovered the gas tank was unsafe, did anyone go to Iacocca and tell him? "Hell no," replied an engineer who worked on the Pinto, a high company official for many years, who, unlike several others at Ford, maintains a necessarily clandestine concern for safety. "That person would have been fired. Safety wasn't a popular subject around Ford in those days. With Lee it was taboo."

Heightening the anti-safety pressure on Pinto engineers was an important goal set by Iacocca known as "the limits of 2,000". The Pinto was not to weigh an ounce over 2,000 pounds and not to cost a cent over \$2,000. "Iacocca enforced these limits with an iron hand," recalls the engineer quoted earlier. So, even when a crash test showed that that one-pound, one-dollar piece of plastic stopped the puncture of the gas tank, it was thrown out as extra cost and extra weight.

As Lee Iacocca was fond of saying,

"Safety doesn't sell."

Blame for all the injuries and deaths in Pintos since 1970 does not rest on the shoulders of Lee Iacocca alone. For, while he and his associates fought their battle against a safer Pinto in Dearborn, a larger war against safer cars raged in Washington.

One skirmish in that war involved Ford's successful eight-year lobbying effort against Federal Motor Vehicle Safety Standard 301, the rear-end provisions of which would have forced Ford to redesign the Pinto.

Bulldog Henry

During the early 1960s, auto-safety legislation became the *bête-noire* of American big business. The auto industry was the last great unregulated business, and if it couldn't reverse the tide of government regulation, the reasoning went, no one could.

People who know him cannot remember Henry Ford II taking a stronger stand than the one he took against the regulation of safety design.

By 1965, most pundits and lobbyists saw the handwriting on the wall and prepared to accept government "meddling" in the last bastion of free enterprise. Not Henry. With bulldog tenacity, he held out for defeat of the legislation to the very end, loyal to his grandfather's invention and to the company that makes it. But the Safety Act passed the House of Senate unanimously, and was signed into law by Lyndon Johnson in 1966.

While lobbying for and against legislation is pretty much a process of high-level back-slapping, press-conferencing and speech-making, fighting a regulatory agency is a much subtler matter. Henry headed home to lick his wounds in Grosse Pointe, Michigan, and a planeload of the Ford Motor Company's best brains flew to Washington to start the "education" of the new federal auto safety bureaucrats.

Price of a Life

Their job was to implant the official industry ideology in the minds of the

new officials regulating auto safety. Briefly summarized, that ideology states that auto accidents are caused not by cars, but by 1) people and 2) highway conditions.

Before the Ford experts left Washington to return to drafting tables in Dearborn they did one other thing. They managed to informally reach an agreement with the major public servants who would be making auto safety decisions. This agreement was that "cost-benefit" would be an acceptable mode of analysis by Detroit and its new regulators. And, as we shall see, cost-benefit analysis quickly became the basis of Ford's argument against safer car design.

Ever wonder what your life is worth in dollars? Perhaps \$10 million? Ford has a better idea: \$200,000.

Remember, Ford had gotten the federal regulators to agree to talk auto safety in terms of cost-benefit analysis. But in order to be able to argue that various safety costs were greater than their benefits, Ford needed to have a dollar value figure for the "benefit". Rather than be so uncouth as to come up with such a price tag itself, the auto industry pressured the National Highway Traffic Safety Administration to do so. And in a 1972 report the agency decided a human life was worth \$200,725. Inflationary forces have recently pushed the figure up to \$278,000.

\$11 Too Dear

Furnished with this useful tool, Ford immediately went to work using it to prove why various safety improvements were too expensive to make.

Nowhere did the company argue harder that it should make no changes than in the area of rupture-prone fuel tanks. Not long after the government arrived at the \$200,725-per-life figure, it surfaced, rounded off to a cleaner \$200,000, in an internal Ford memorandum. This cost-benefit analysis argued that Ford should not make an \$11-per-car improvement that would prevent 180 fiery deaths a year.

All Ford had to do was convince men like



John Volpe, Claude Brinegar and William Coleman (successive Secretaries of Transportation during the Nixon-Ford years) that certain safety standards would add so much to the price of cars that fewer people would buy them. This could damage the auto industry, which was still believed to be the bulwark of the American economy. "Compliance to these standards," Henry Ford II prophesied at more than one press conference, "will shut down the industry."

So when J.C. Echold, Director of Automotive Safety (which means chief anti-safety lobbyist) for Ford wrote to the Department of Transportation — which he still does frequently, at great length — he felt secure attaching a memorandum that in effect says it is acceptable to kill 180 people and burn another 180 every year, even though we have the technology that could save their lives for \$11 a car.

There are several main techniques in the art of combating a government safety standard: a) make your arguments in succession, so the feds can be working on disproving only one at a time; b) claim that the real problem is not X but Y (we already saw one instance of this in "the problem is not cars but people"); c) no matter how ridiculous each argument is, accompany it with thousands of pages of highly technical assertions it will take the government months or, preferably, years to test. Ford's large and active Washington office brought these techniques to new heights and became the envy of the lobbyists' trade.

Fiery Death

The Ford people started arguing against

Standard 301 way back in 1968 with a strong attack of technique b). Fire, they said, was not the real problem. Sure, cars catch fire and people burn occasionally. But statistically auto fires are such a minor problem that NHTSA should really concern itself with other matters.

Strange as it may seem, the Department of Transportation (NHTSA's parent agency) didn't know whether or not this was true. So it contracted with several independent research groups to study auto fires. The studies took months, which was just what Ford wanted.

The completed studies, however, showed auto fires to be more of a problem than Transportation officials ever dreamed of. Robert Nathan and Associates, a Washington research firm, found that 400,000 cars were burning up every year, burning more than 3,000 people to death. Furthermore, auto fires were increasing five times as fast as building fires. Another study showed that 35 per cent of all fire deaths in the US occurred in automobiles.

Another study was done by the Highway Traffic Research Institute in Ann Arbor, Michigan, a safety think-tank funded primarily by the auto industry (the giveaway there is the words "highway traffic" rather than "automobile" in the group's name). It concluded that 40% of the lives lost in fuel-fed fires could be saved if the manufacturers complied with proposed Standard 301. Finally, a third report was prepared for NHTSA by consultant Eugene Trisko entitled "A National Survey of Motor Vehicle Fires". His report indicates that the Ford Motor Company makes 24% of the cars on the

American road, yet these cars account for 42% of the collision-ruptured fuel tanks.

Ford lobbyists then used technique a) — bringing up a new argument. Their line then became; yes, perhaps burn accidents do happen, but rear-end collisions are relatively rare (note the echo of technique b) here as well). Thus Standard 301 was not needed. This set the NHTSA off on a new round of analyzing accident reports. The government's findings finally were that rear-end collisions were seven and a half times more likely to result in fuel spills than were front-end collisions. So much for that argument.

Thousands Burn

By now, it was 1972; NHTSA had been researching and analyzing for four years to answer Ford's objections. During that time, nearly 9,000 people burned to death in flaming wrecks. Tens of thousands more were badly burned and scarred for life. And the four-year delay meant that well over 10 million new unsafe vehicles went on the road, vehicles that will be crashing, leaking fuel and incinerating people well into the 1980s.

Ford now had to enter its third round of battling the new regulations. On the "the problem is not X but Y" principle, the company had to look around for something new to get itself off the hook. One might have thought that, faced with all the latest statistics on the horrifying number of deaths in flaring accidents, Ford would find the task difficult. But the company's rhetoric was brilliant. The problem was not burns, but . . . impact! Most of the people killed in these fiery accidents, claimed Ford, would have

died whether the car burned or not. They were killed by the kinetic force of the impact, not the fire.

And so once again, as in some giant underwater tennis game, the ball bounced into the government's court and the absurdly pro-industry NHTSA began another slow-motion response. Once again it began a time-consuming round of test crashes and embarked on a study of accidents. The latter, however, revealed that a large, and growing number of corpses taken from burned cars involved in rear-end crashes contained no cuts, bruises or broken bones. They clearly would have survived the accident unharmed if the cars had not caught fire. This pattern was confirmed in careful rear-end crash tests performed by the Insurance Institute for Highway Safety. A University of Miami study found an inordinate number of Pintos burning on rear-end impact and concluded that this demonstrated "a clear and present hazard to all Pinto owners".

Delays

Pressure on NHTSA from Ralph Nader and consumer groups began mounting. The industry-agency collusion was so obvious that Senator Joseph Montoya (D-NM) introduced legislation about Standard 301. NHTSA waffled some more and again announced its intentions to promulgate a rear-end collision standard.

Waiting, as it normally does, until the last day allowed for response, Ford filed with NHTSA a gargantuan batch of letters, studies and charts now arguing that the federal testing criteria were unfair. Ford also argued that design changes required to meet the standard would take 43 months, which seemed like a rather long time in light of the fact that the entire Pinto was designed in about two years.

Some of these complaints were accepted, others rejected. But they all required examination and testing by a weak-kneed NHTSA, meaning more of those 18-month studies the industry loves so much. So the complaints served their real purpose — delay; all told, an eight-year delay, while Ford manufactured more than

three million profitable, dangerously incendiary Pintos. To justify this delay, Henry Ford II called more press conferences to predict the demise of American civilization. "If we can't meet the standards when they are published," he warned, "we will have to close down. And if we have to close down some production because we don't meet standards we're in for real trouble in this country."

Out of Court

When the Pinto liability suits began, Ford strategy was to go to a jury. Confident it could hide the Pinto crash tests, Ford thought that juries of solid American registered voters would buy the industry doctrine that drivers, not cars, cause accidents. It didn't work. It seems that juries are much quicker to see the truth

than bureaucracies, a fact that gives one confidence in democracy. Juries began ruling against the company, granting million-dollar awards to plaintiffs.

"We'll never go to a jury again," says Al Slechter in Ford's Washington office. "Not in a fire case. Juries are just too sentimental. They see those charred remains and forget the evidence. No sir, we'll settle."

Settlement involves less cash, smaller legal fees and less publicity, but it is an indication of the weakness of their case. Nevertheless, Ford has been settling when it is clear that the company can't pin the blame on the driver of the other car.

Until recently, it was clear that, whatever the cost of these settlements, it was not enough to seriously cut into the

Ford Pinto

The best-selling small car in America.



Check the facts:

- 1. Low price plus...** Pintos start out with a low price. But that low price includes a powerful cast-iron engine for climbing steep hills, passing quickly and entering highways confidently. Pinto also has a wide track to help give it a comfortable, stable ride. And every Pinto has a sporty suspension system and rack-and-pinion steering for precise, responsive handling.
- 2. Excellent mileage.**

39 mpg highway	27 mpg city
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EPA estimates are based on 20% city, 55% highway, 23% combined driving. Actual mileage may vary. See dealer for more information.
- 3. Scheduled maintenance reduced \$353.**
 - Over the past four years, more than 75% of the scheduled maintenance requirements on Pinto's 4-cylinder engine have been reduced or eliminated. That's an estimated reduction in costs of \$353.
 - So today, the huge Pinto's average scheduled service is estimated at only \$188 for the first 60,000 miles.

Based on Ford's Service Labor Time Study. Dealer, Manual, 8-12 90-hour day, and suggested retail price for oil and filter.
- 4. High resale value.**

Pinto consistently has high resale value. Compare Pinto's resale prices to Vega's, for example.

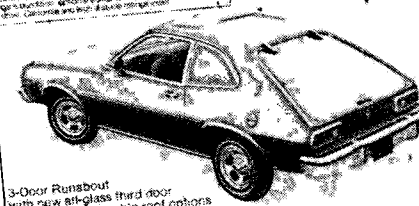
Model Year	Vega	Pinto	Pinto Advantage
1973	\$1,264	\$1,489	\$225
1974	\$1,572	\$1,661	\$289
1975	\$1,955	\$2,308	\$348

Source: National Automobile Dealers Association, Used Car Guide.

It's easy to see why most small cars have a tough time beating Pinto's high resale value.

And more...

 - Durable and reliable 2.3 liter cast-iron engine.
 - Roomy, comfortable interior.
 - Exciting options.
 - Rugged unit-body construction.
 - The best rust and corrosion protection system in Pinto's history.
 - More than 5,400 Ford Dealers.



3-Door Runabout with new all-glass third door and flip-up removable roof options.

FORD When America needs a better idea, Ford puts it on wheels.

Pinto's enormous profits. The cost of retooling Pinto assembly lines and of equipping each car with a safety gadget like that \$5.08 Goodyear bladder was, company accounts calculated, greater than that of paying out millions to survivors like Robbie Carlton or to widows and widowers of victims like Sandra Gillespie. The bottom line ruled, and inflammable Pintos kept rolling out of the factories.

In 1977, however, an incredibly sluggish government had at last instituted Standard 301. Now Pintos will have to have rupture-proof gas tanks. Or will they?

To everyone's surprise, the 1977 Pinto

recently passed a rear-end crash test in Phoenix, Arizona, for NHTSA. The agency was so convinced the Pinto would fail that it was the first car tested. Amazingly, it did not burst into flame.

"We have had so many Ford failures in the past," explained agency engineer Tom Grubbs, "I felt sure the Pinto would fail."

How Did it Pass

Remember that one-dollar, one-pound plastic baffle that was on one of the three modified Pintos that passed the pre-production crash tests nearly ten years ago? Well, it is a standard feature on the 1977 Pinto. In the Phoenix test it protec-

ted the gas tank from being perforated by those four bolts on the differential housing.

We asked Grubbs if he noticed any other substantial alterations in the rear-end structure of the car. "No," he replied, "the [plastic baffle] seems to be the only noticeable change over the 1976 model."

But was it? What Tom Grubbs and the Department of Transportation didn't know when they tested the car was that it was manufactured in St. Thomas, Ontario, Ontario? The significance of that becomes clear when you learn that Canada has for years had extremely strict rear-end collision standards.

Whether the new American Pinto fails or passes the test, Standard 301 will never force the company to test or recall the more than two million pre-1977 Pintos still on the highway. Seventy or more people will burn to death in those cars every year for many years to come."

A tiny item in *Automotive News* on August 22nd 1977 reported that Ford Motor is recalling 642 1977 Pinto models for inspection of two nuts in the rear bumper assembly. "Incorrect nuts may have been used. Because of their mounting position, they could cut the fuel tank in a rear-end collision, Ford said."

A fortnight later the same paper featured Ford's "refutation" of the *Mother Jones* article. The main item appears to be Ford's declaration that "there is no proof to substantiate these claims", although there are also masses of statistics designed to show "that the Pinto is free of the safety-related defects ascribed to it by *Mother Jones*". No specific evidence is given to counter the article.

Since the passage of the Motor Vehicle Safety Act in 1966, there have been more than 50 million cars recalled in almost 2000 recall campaigns. Ford itself recalled 1.3 million vehicles in 42 separate campaigns in the United States, and 657,000 vehicles in 23 campaigns in

Europe — all in the one year 1976. Given how hard the company fights to avoid recalls, the true extent of profitable but lethal car-building remains hidden.

The Airbag Fix

Airbags, which inflate instantaneously inside a car if that car hits anything are potentially the greatest life saver yet devised.

However, according to Ford, airbags will add anywhere from \$100 to \$400 to the cost of every auto. The company argues, probably correctly, that the auto buyers would prefer to pay less and take their chances. But, the vehemently anti-airbag Ford wasn't willing to take its chances with the Department of Transportation even when it was loaded with pro-auto Republicans. So Ford introduced a crafty little system called the ignition interlock. The ignition interlock will not allow a driver to start the car until the front seat passengers are buckled up. The ignition interlock was a sensible compromise. The rationale was that if drivers were forced to use seat belts there would be no need for airbags, which is true enough. In late 1970, Henry Ford II sold Chrysler president Lynn Townsend on the idea and convinced him they could sell it together in Washington.

A Nixon aide set up a meeting between Ford, Chrysler's Townsend and Nixon to discuss "matters related to the automotive industry".

A few days after the meeting, John Ehrlichman called a meeting with Transportation Secretary John Volpe. After the meeting Volpe was heard to remark "The airbag's in trouble." Soon after, Henry Ford II contributed nearly \$50,000 towards Nixon's re-election campaign.

After many of the delays that auto-makers love, on August 15, 1973, Department of Transportation officials finally issued a new regulation requiring ignition interlocks on all new cars. There was now no need for airbags, so they dropped from the picture. During this two-year delay, however, Congress member Louis Wyman (R-NH) was preparing an amendment to the Motor Vehicle and School Bus Safety Act of 1974, which said, "Federal safety standards may not require that any vehicles be equipped with a safety belt interlock system." Some Hill staffers say Ford actually wrote the amendment. With a well-timed push from auto lobbyists, the amendment passed. The airbag and the ignition interlock were now both dead, victims of one of the most brilliantly executed double fixes in the history of lobbying.

Now that airbags are back on the agenda again, keep your eye on Ford.

Ford and the Third World

Ford's intervention in the Third World, far from transforming economies by utilising potential for development, exploits and reinforces existing situations for its own profit.

Ford, like other multinational companies, has to continually seek new markets and develop old ones. By the mid-sixties, the American market was no longer a growth area for motor manufacturers, and the US motor industry turned its attention to the development of markets in Europe and the Third World.

Ford has operations in numerous countries of South East Asia: South Korea; Taiwan; Thailand; Malaysia; Singapore; Indonesia; and the Philippines. These operations are controlled from Ford in Australia, and are closely tied in with the supply of components to the Australian and New Zealand factories. In Latin America, the company has manufacturing capacity in Mexico, Brazil, Venezuela, Uruguay, and Argentina.

Ford was already established in these areas, having manufactured in Latin America, for instance, since the 1920s. However, in the 1960s it was facing increasing competition from relatively new Japanese competitors, and the expanding European multinationals. Ford needed to develop its production in the Third World, and take maximum economic advantage of very small national markets. The Philippines, for example, when Ford opened a plant in 1967, accounted for just 0.24 per cent of the world market.

The key to Ford's strategy is complementation. This is a plan for each country in a region to specialise in the production of particular components, and then by exchanging them assemble a complete car in various countries. These imports would be treated as local products, and the theory is that each country exports as much as it imports. "To those of us at Ford, it is a fancy word for inter-regional free trade in motor vehicles and components." (Henry Ford II) The company gains by avoiding duplication of tooling costs, and achieving lower unit costs via higher volume production.

Ford faced, however, other problems besides the small size and diverse nature of the car markets in the Third World. During the 1950s and early 1960s, most Third World countries were attempting to build industries that would produce goods for the domestic market and lessen

imports, helping to solve the chronic deficit in their balance of payments. Though the details varied from country to country, in general the developing nations tried to create these import substitution industries, protecting them behind high tariff barriers, and strictly controlling the use of foreign exchange.

The First National City Bank of Manila describes the effects of typical measures in the Philippines between 1950 and 1962. "The exchange control system set in motion a radical alteration of the country's economic structure. Stimulated by an effective barrier against foreign products and by preferential access to foreign exchange... an entire spectrum of new or expanded local industries came into existence."

IMF Rules OK?

The multinational companies could get round the tariff barriers by establishing manufacturing or assembly plants within the country, but they could not get around the government control of foreign exchange. The expansion of their operations was limited to a certain extent, and more importantly, their ability to repatriate profits was severely curtailed. Also, the tariffs prevented the multinationals from expanding production and rationalising it for a larger regional market, thus gaining economies of scale. For the multinationals to organise the Third World countries into production bases, and integrate individual countries into regional markets for their output, the restrictions on free trade had to be cleared away.

This did not take long. The policies of import substitution, though developing local industry, could not solve the balance of payments problem. The expansion of industry served to increase imports of industrial materials and semi-finished products to be fed into local industries, and eventually imports began to exceed the value saved by domestic production. In the mid-1960s a wave of growing trade deficits spread around the Third World.

At this time, a number of international agencies began the process of remoulding the Third World's trade policies. The

International Monetary Fund, the last resort of Third World governments needing loans to finance trade deficits, opposed exchange controls and restrictions on the flow of capital with increasing firmness. Loans were made conditional on the dismantling of tariffs and foreign exchange regulations.

Cuaderno, governor of the Philippines Central Bank, describes an application for a loan made in 1958, needed to meet a deficit in the balance of payments. As part of the stabilisation plan he put before the IMF, a 25% tax on the sale of foreign currency was proposed. The IMF however was determined that the loan would be conditional on the removal of all foreign exchange controls, and a devaluation of the Peso. Cuaderno comments: "We had a feeling that this was what the US government officials would like us to do." On that occasion the pressure was resisted, but later on this was not possible.

As well as pressure from the IMF on currency controls, organisations like the World Bank, the Inter American Development Bank and the Agency for International Development were busy promoting regional trade areas based on the European Common Market. In 1960 the Latin American Free Trade Association was founded, and in 1966 the Association of South East Asian Nations was formed. The theory behind such trade areas was that as tariffs were abolished, larger markets for industrial products would be created. It was argued for example, that the creation of the Latin American Free Trade Area would halve the amount of foreign exchange needed for investment, if industries could be planned for the entire region.

Repatriating Profits

Rather than import substitution, the drive was now on for 'export oriented industrialisation'. The countries concerned were supposed to aid the process of industrialisation by promoting free trade and concentrating on industrial production of goods for the world market, bringing in foreign exchange. Implicit in this is the need to encourage foreign investment to provide the factories capable

of competing economically on the world markets. So Third World governments began to legislate for the protection of foreign investment and its right to repatriate profits.

A year after the creation of the Association of South East Asian Nations (ASEAN) in 1966, Ford opened its assembly plant in the Philippines, and in 1969 the first of the Investment Incentive Acts was passed in the Philippines. Under the joint pressures of the IMF and the various international aid agencies, the Third World was gradually being transformed for the benefit of multinationals.

Ford was well prepared to take advantage of these changes, and the way they have operated within ASEAN shows how multinationals have used the new opportunities offered. In 1971, Henry Ford had talks with government leaders from nine Asia Pacific countries. He made it quite clear that 'complementation holds far more promise for the region than adherence to old style purchasing, assembly and manufacturing methods.' (Ford: A Global Corporation — Ford publication, 1973)

Asian Cars

Attempts had been made in the past to create an integrated car industry in South East Asia, either within ASEAN or an enlarged area including Japan, Australia and New Zealand. Little had been done to implement this however, and the Philippines decided to push ahead alone — in fact to pre-empt any such moves. In May 1971 they announced their Progressive Car Manufacturing Programme. This is a scheme to encourage car manufacturers to produce in the Philippines by threatening exclusion from the market of those companies that would not comply with government criteria on local content and so on. Car assemblers had to submit their plans by January 1972, and despite the fact that this scheme did not yet have ASEAN approval, all the car companies in the area submitted plans for approval.

At first the Philippines government said that there was only room for the partici-



Ferdinand and Imelda Marcos, Philippines tyrants

Popperfoto

be domestically manufactured. The Philippines government was looking for a minimum domestic content ratio of 35% by the third and final year of the Programme.

Ford's plan was the establishment of a body stamping plant at Mariveles in the planned Free Trade Zone. Free Trade Zones are industrial estates where land, factories, electricity and other services are furnished by the host government, and complete freedom is granted from tariff restrictions or import duties. Direct incentives like tax concessions and investment grants are also offered by the

host governments, and make Free Trade Zones highly attractive to foreign investment.

Free Trade Zones, like free trade areas, are being heavily promoted by an international agency, this time the United Nations Industrial Development Organisation (UNIDO). Founded in 1967 to promote the industrialisation of developing countries, UNIDO provides assistance in the establishment of Free Trade Zones in the form of preliminary surveys, feasibility studies, and many other services short of actually operating the Zone. UNIDO is assisted by the Shannon Free Airport Development Co Ltd and by the ubiquitous World Bank. Free Trade Zones are supposed to aid the promotion of exports, the creation of job opportunities, and the transfer of technology to the Third World. According to UNIDO there are currently over 30 developing nations with plans for Free Trade Zones in their territories.

Philippines Plant

Ford's commitment to the Free Trade Zone at Mariveles in the Philippines was large, and its investment of 244 million Pesos, £18million, was important in encouraging other manufacturers to participate in the Zone. This promised investment was instrumental in buying Ford's way into the Car Manufacturing Programme. When the various plans were assessed, Ford only came fourth in the scoring system, and should have been excluded along with Renault and Nissan. However, the government decided to include Ford nonetheless. The two reasons given were the Mariveles investment and the fact that Ford had earned most points for its contribution to an integrated ASEAN car industry, thanks to existing Ford plants in other ASEAN countries. The outcome was the opening of the Ford body stamping plant in February 1976 by Imelda Marcos, wife of the President of the Philippines.

This plant, in fact, contributes little to the Philippines economy. Even at its maximum output of 70,000 bodies a year it employs only 700 workers — in a country with an unemployment rate of around

50%. As for an integrated ASEAN car industry, the stamping plant is integrated only as far as Ford's own operations are concerned. Although the Car Manufacturing Programme's guidelines recommend the production of components that can be used by more than one manufacturer, car bodies are of course restricted in use to the manufacturers' particular models. The Ford stamping plant does supply to other Ford factories within ASEAN, but also sends Cortina bodies to Australia and other Asian countries outside of ASEAN, as well as body panels to Dagenham in the UK. A body plant makes very little contribution to the growth of technology and unlike an engine plant, for example, cannot be utilised in the development of other industries.

Finally it should be remembered that complementation, as it was so energetically sold by Henry Ford, was supposed to help accumulate foreign exchange by replacing imports with domestic products. In reality the Progressive Car Manufacturing Plan spends the region's scarce foreign exchange on the car industry, which is given preferential foreign exchange guarantees, without accumulating any surplus foreign exchange in return. Ford's intervention in the Philippines, far from transforming the economy by utilising its potential for development, exploits and reinforces the existing situation for its own profit. Ford has to make cars to make money, and has to make them somewhere. The interests of the local workforce or the host economy do not enter this decision. Ford's plans in Latin America give ample evidence of that.

The Wreckers

The founding meeting of the Latin American Free Trade Area (LAFTA) consisted of Argentina, Brazil, Mexico, Bolivia, Chile, Columbia, Ecuador, Paraguay, Peru, Uruguay and Venezuela. At the time, Ford had factories in Mexico, Chile, Brazil, Argentina, Venezuela and Peru. The plan was to create a free trade area by 1973, but a conflict of interests emerged between the nations concerned because of the differences in their sizes and degrees of industrialisation. In 1969,

a sub-group of LAFTA was set up, called the Andean Pact, which excluded the big three: Brazil, Mexico and Argentina.

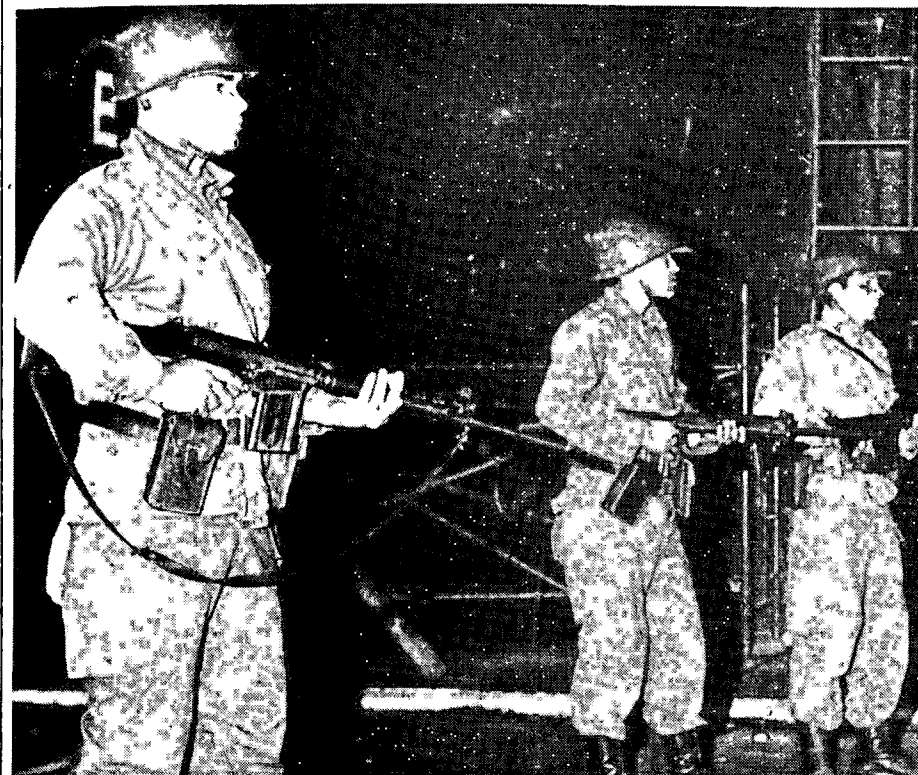
The Andean Pact countries adopted a much firmer position on the question of foreign investment, calling for a gradual transition to local ownership, and imposing limits on the amount of profit that could be repatriated by foreign companies. Peru had the most stringent regulations, demanding an immediate 50% stake in all foreign investments. Ford, which has always tried to insist on 100% ownership of its subsidiaries, withdrew from Peru by 1970.

In Chile, Ford responded to the 1970 election of Allende's Popular Unity government by embarking on a programme of economic destabilisation. More than 60% of the country's public transport system ran on Ford vehicles, and Ford also had about 35% of the car market. All these vehicles, particularly the public transport buses, depended on spare parts supplied by Ford. Before Allende's election, Ford imported approximately \$156,000 worth of spare parts into Chile each month. Immediately after the election, this supply was cut to just \$15,000 worth a month. Credit to car dealers was also slashed.

The result was that the public transport system was thrown into total chaos. The Ford factory was taken over, but without components from other Ford factories it was practically useless. The Chilean economy, which Ford helped to wreck, is in pieces. Fiat, still operating there, has seen its monthly sales decline from 2000 cars a month to 100.

That left Ford operating only in Venezuela amongst the Andean Pact countries. There it manufactured Falcon and Fairlane models from America, and the Taunus from Germany.

The Andean Pact continued to discuss the viability of an integrated car production plan, but with the Pact countries supporting 24 plants producing 140 models for a market no larger than Florida's, achieving agreement on such a plan was not easy. Many of the factories would have to close and many of the models phase out, and



Law and order in Argentina

Keystone

competition between the states to protect their own interests was intense. However, eventually a plan was worked out, which does not depend on component manufacture at all. It allocates the manufacture of vehicles of different engine size categories to different countries, and this arrangement was finally agreed and signed in September 1977. The allocation of cars above 1500cc goes to Venezuela — the only country in the Andean pact where Ford produces cars, all of which are in this range. It seems an incredible coincidence that Henry Ford was in Caracas at the time of the signing, and he announced big expansion plans for the Venezuelan factories, worth \$84million. The big three US manufacturers have each submitted plans for an 8 cylinder engine plant in Venezuela, in a bid to participate in the Andean Pact plans, and doubtless Ford's announced investment plans depends on its bid being accepted.

Ford publicity claims that 'for host countries multinational companies are a powerful engine for growth, especially in developing nations as foreign government aid tapers off. Multinational companies invest capital, create jobs, introduce technological improvements . . . in short . . . they are a positive force for economic progress.' (Ford: A Global Corporation)

The country most often cited to demonstrate this 'progress' is Brazil, which has grown remarkably rapidly in recent years. Between 1968 and 1974, Gross National Product grew at an annual rate of 10%. For Ford, Brazil became the most important market outside North America after Germany and Britain. In 1967, total Ford factory sales in Brazil were 32,000. By the peak year of 1974, they had reached 177,700, and in 1976 stood at 169,000 cars and trucks.

The Brazilian boom depended quite largely on the motor industry. The demand for components, steel, glass and other inputs, and the concomitant growth of roads, shopping centres and cement production, as well as the rapid growth of the petrochemical industry, all contributed to the economic expansion. The backdrop to this 'miracle' has been a change of policy concerning trade barriers and exchange controls similar to that of other Third World countries. The last stage of an attempt to reach a nationalist solution to the problems of dependency was the Goulart regime, which embarked on a massive programme of land redistribution, nationalisation and so on. This came to an abrupt end in 1964 with a military coup, headed by General Branco.

He rapidly realigned Brazilian economic policy in the interests of international capitalism. The foreign exchange system

was simplified, laws governing the repatriation of profits were revoked, trade unions were declared illegal, and the torture of political and trade union activists became commonplace.

But the growth of the Brazilian economy has been entirely dependant on foreign capital, and the more dependant the economy becomes on multinational investment and finance, the more profits and interest are repatriated. The Brazilian motor industry is over 90% owned by multinationals like Volkswagen, Ford and General Motors. The more successful these subsidiaries become, the more profits are remitted back to the parent country — in hard currency. Volkswagen, for example, is the largest car manufacturer in Brazil, and the largest exporter from Brazil. In the ten years from 1965 to 1975, it invested a total of \$119.5million, and \$72.8million were reinvested out of profits generated. But in the same ten years, \$70million were remitted directly back to Germany, and no less than \$208.5million were paid to the parent company for licences and technology. In all, a total of \$279.1million were sent back to Germany — a net outflow of \$86.8million.

The Brazilian government allows all plant and machinery to be included in the capital valuation for the purpose of profit remittance — in reality the machinery Volkswagen installed in Brazil was obsolete plant shipped from Germany.

The General Motors subsidiary in Brazil has an investment valued at \$38million, and an enormous debt back into the US of \$200million — some one per cent of the entire foreign debt at the time it was incurred.

Ford has a long term debt of \$84.6million, which must be repaid at between 6½ and 7½ per cent, irrespective of remittances of profits or payments for licences and technology. However much the motor companies increase their output, or their Brazilian exports, the profits will eventually be repatriated to the US, or Europe or Japan. All these debts are denominated in dollars, so they are insured against the devaluations of the Brazilian currency brought about by

Brazil's raging inflation, and continue to drain Brazil's foreign exchange earnings.

The vicious circle of balance of payments deficits leading to foreign loans, and foreign interest payments aggravating the balance of payments deficits, continues. Brazil is in no better a position to pay off its massive foreign debt — \$30 billion — than it was before it embarked on its rapid growth. In 1969 its debt was one and a half times its annual export earnings. This ratio is expected to be about one and three quarters times export earnings in 1977, but only at the expense of a crippling squeeze on the economy in an attempt to reduce imports. The interest alone on the foreign debt this year comes to \$6.1 billion, or over half Brazil's export earnings.

Social Costs

In 1972 the Brazilian government instituted a programme of massive tax concessions to car manufacturers if they boosted exports and helped alleviate the balance of payments problem. Ford took full advantage of this, and created an export programme worth some \$1000-million over a period of five years. They supplied the 4-cylinder engines for the US Pinto from the factory in Taubate, and reduced production in Detroit. Diesel engines are exported to Japan, where they are fitted into trucks which are then exported to the US. Other car makers similarly turned their Brazilian subsidiaries into export bases. Yet three years later, Brazil still had a payments gap, including debt repayments, of \$207.8 million in the auto sector. Exports were worth \$268.5 million, but imports, inflated by investment capital of \$83.4 million and loans of \$228.4 million, totalled \$476 million.

The truth is that the large multinational car firms, while reaping profits from government concessions and investment grants, have contributed nothing to the stability of the Brazilian economy, and their effect on social conditions in Brazil has been disastrous.

The Brazilian working class has born the brunt of the 'Brazilian miracle' and the super-profits of the multinationals.

In 1976, 3,900 Brazilian workers paid with their lives in industrial accidents — the highest rate of industrial fatalities in the world. It is commonplace that for most of the population of Brazil, the 'miracle' has brought about a worsening of the conditions of intense poverty and misery.

Malnutrition causes seven out of ten deaths among children under five, according to the World Health Organisation. Infant mortality rates in 1970 were 105 per 1000 live births — the comparative figure for Britain is 19. Real wages have consistently fallen as inflation rages, and the Union of Metallurgical Workers claims that the cost of living index has been deliberately rigged by the government ever since 1973, to hide the real rise in prices. The top five per cent of the population increased their share of the total urban income from 28% in 1960 to 35% in 1970. This fact has been hypocritically criticised by Robert McNamara, president of the World Bank. Yet it is the World Bank that must take much of the blame for the situation and as Minister of Finance Delfim Netto said, "they have never asked us to change anything and I am sure they will continue to loan in the same way". Destitution and hunger are the nightmares behind the dream of Brazil's miracle.

Cheating the Poor

The motor industry, based in the suburbs around Sao Paulo, has added its own burden to the lives of car workers. Government regulations provide that after six months of continuous employment, a worker becomes entitled to payments from a state organised lay-off fund to which employers have to contribute — the Fundo Garantia Tempo Servico. In order to avoid this, about a third of the work force of the motor manufacturers is laid off every six months. If they are lucky, these workers will be re-employed by another manufacturer — for another six months. They work in the industry for years, without ever achieving any security of tenure or lay-off pay. The motor industry has created its own migrant labour force, with a third of the labour force constantly on the move,

forming an army of relatively skilled but casual labour.

Ford has its own story to tell about the Fundo Garantia Tempo Servico. In 1973 it sacked thousands of workers from its Sao Paulo factories. They had been working for Ford since 1967, and were entitled to substantial payments from the Fundo. However, Ford had not put any money aside for this purpose, and refused to pay up. The workers, assisted by the labour tribunal sued the Ford Motor Company, and eventually won their case, but they received no money until 1977.

In 1977, car sales in Brazil fell sharply, as government attempts to halt imports and boost exports forced up the price of petrol, restricted credit, and squeezed the domestic market. For the first six months of the year, sales were 12% lower than they had been in 1976. Ford recently opened a tractor plant in Brazil, and the tractor market, too, is showing some decline.

In its attempt to recapture its market share in Brazil, Ford introduced a new model, the Corcelle 11 based on the new European Cortina. Henry Ford himself visited Brazil for the launch, and met with the President. He claimed that the company was losing \$250 on every car sold in Brazil because of the government's price regulations, and poor market conditions. Ford claims to have lost \$11 million during 1976. Ford's solution was that the government should give a subsidy to the company for every car it sold in Brazil. If the profit situation did not improve, serious thought would have to be given before any new investment could be sanctioned.

At about the same time in Geneva, Lee Iaccoca was addressing the Swiss American Chamber of Commerce. If only multinationals were not hindered by codes of conduct or government regulations, what benefits they brought to developing nations — what positive effects they had had on countries like Brazil and Taiwan! The Ford message is clear: "The host country can win by welcoming multinational corporations and learning all they have to teach." (Ford: A Global Corporation)

History is Bunk?



Popperfoto

The North American operations of the Ford Motor Company are, and always have been, the hub of the Ford empire. Ideas, tactics and processes are developed in the home base and then adapted and exported. And the competitive relationship of the major auto companies in North America determines to a considerable extent their overseas strategies.

The introduction of the assembly line and mass production of the Model T gave Ford a domination of the US auto industry which lasted over twenty years.

"When they first attempted to assemble an entire car by the assembly line method, they put a frame on skids and pulled it

from one end of the building to the other with a rope. A group of men walked along with it, grabbing parts from pre-placed piles as they went along. The next refinement was to station different men, or teams, by the equipment, and drag the chassis past them . . . As the process was refined, the number of man hours per car was cut from 15½ to 1½' (Herndon).

Mass Production

Before the computerised lines of today were ever thought of, the process had been streamlined and the workforce pressured to the point where a Model T was coming off the line every one minute.

thirty six seconds. Sales of the 'no frills' Model T burgeoned:

1910	21,000
1911	54,000
1912	82,000
1913	199,000

By 1919 monthly production was 86,000, and this had risen to over 100,000 per month by 1921. November of 1922 saw a new monthly record of 240,000.

While Ford concentrated on production figures, General Motors concentrated on profit margins. Henry Ford had an almost pathological distaste for the niceties of modern financial management, and ironically enough the financial and sales

experts who eventually gave General Motors its superiority had moved across from Ford to its rival in the post World War I period. Norval Hawkins was a sales expert who went over to GM at this time, and he opened the way for William H. Knudsen, who had supervised the planning and construction of Ford assembly plants both in the States and in Europe. Knudsen it was who led GM into its domination of the car market, originally as head of Chevrolet, and later as head of the entire company.

Against the advice of his son Edsel, who was president of the company, Henry Ford clung to the Model T through the twenties. It was, however, increasingly obvious that Chevrolet, with a car that was more aesthetically pleasing as well as having as standard equipment items which were extras on the Model T, was eating into Ford sales. Styling as an element of competition was winning its first big battle.

In 1926 Ford production dropped by more than a quarter of a million units. GM now had 28% of the US market. Ford tried a few cosmetic touches on the aging Model T but it was no use. When Henry Ford eventually gave in, the steps he took to implement the restructure of production dispelled any illusions popularly held about his humanitarianism. The plant was run flat out for the first part of 1927 in order to stockpile enough Model Ts for future demand. When the last of a total production of over 15 million had rolled off the line, the plant was shut down and 60,000 workers were thrown out of work. The plant was closed for six months from May 1927. There was no unemployment pay, and the jettisoned Ford workers had to apply for city 'relief'. Detroit had a relief bill \$1 million higher than in 1926.

Hunger March

Meanwhile Ford was building a new plant on the River Rouge which would employ a lot less men than had been put out of work. For years Detroit was plagued with unemployment. Only half a million Ford cars were produced in 1931 — a drop of one million from 1929. In 1932 three

thousand unemployed marched to the gates of the Ford plant where they were fired on by the guns of the Dearborn Police and the Ford Service Department. Four marchers were killed and over a score injured.

Working conditions in the new plant were worse than they had been in the old one. Speed-up had been a fact of life at least since the introduction of the 'Five Dollar Day' in 1914. Henry Ford had gained a lot of favourable publicity from doubling the wage rate and shortening the working day from nine to eight hours. But the workforce had paid a heavy price in terms of speed-up as Ford reduced the cost of the Model T to boost sales. Ford had benefited also from a decline in labour turnover and absenteeism. The Five Dollar Day had effectively created a large pool of unemployed who waited at the gates of the factory for vacancies.

The \$5 Day

A week after the new rate had been announced, together with a hiring programme of four or five thousand new men, there was still a crowd of ten thousand waiting in the snow for jobs which had already been filled. The Ford method of dispersing the surplus was to turn fire hoses on them. In 1916 the Ford Sociological Department stated that 'looked at from a cold-blooded point of view of business investment (the Five Dollar Day) was the very best investment (the Ford Motor Company) has ever made'.

Speed-up was also standard practice in the new Rouge Plant, and to the pressure of the line was added the sheer physical fear engendered by the Service Department.

'Ford, the onetime humanist, had publicly stated that men worked for money and were kept in line through fear . . . so while Sorenson and his straw bosses drove the men mercilessly, Bennett's army of thugs kept them in line . . . The speedup aged men prematurely; when they could no longer produce they were discarded. Bennett's spies infiltrated the plant. The result was the occupational

disease known as Forditis. Men had ulcers and the shakes. If they talked at all on the job, it was out of the sides of their mouths' (Herndon).

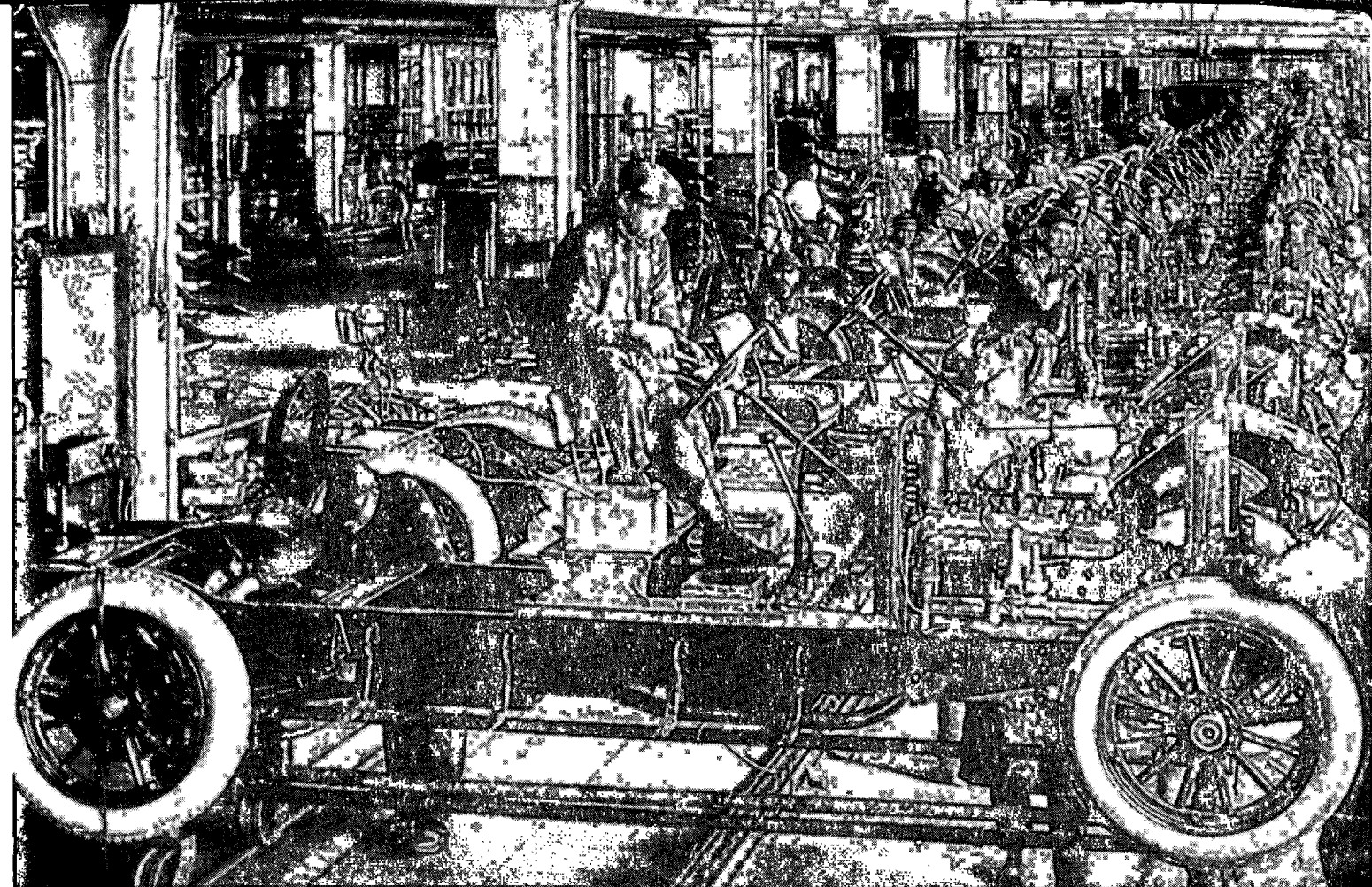
Bennett was a thug who had ingratiated himself with Ford, and as Ford grew more senile, Bennett grew more powerful in both factory and boardroom. He ran the Service Department of 3,500 private police including hundreds of goons armed with pistols and clubs, leasing franchises inside Ford plants to local gangsters, and fighting any attempts to unionise with sickening brutality. The justification for this brutality came from Henry Ford, who had stated 'We will never recognise the United Auto Workers or any other Union. Labour union organisations are the worst things that ever struck the earth'.

Ford also 'refused to be depressed by the depression. Again and again between 1929 and 1934 he gave out statements that shocked those who had watched the agony in the breadlines. He said the depression was 'wholesome', that people would profit by the 'illness' because 'the recovery is prolonged'; that 'these are the best times we ever had'.' (Burlingame)

Of course Ford could afford to feel remote from the bread-lines. His personal income in 1929 was almost \$14 million, with Edsel receiving a further \$8 million. Strikes called by the United Auto Workers had secured contracts at both General Motors and Chrysler by the spring of 1937, and 'Ford next' was the war-cry. In May of the same year the city of Dearborn, prompted by Roosevelt's New Deal legislation, gave union organisers permits to distribute leaflets to Ford workers outside the gates of the Rouge plant. On May 26th the UAW representatives, 60% women, went to the gates at the shift change-over time. In the 'Battle of the Overpass' — the overpass was a pedestrian bridge over the road outside the plant — the UAW people were severely beaten up by Bennett's men. The two senior union representatives, Walter Reuther and Richard

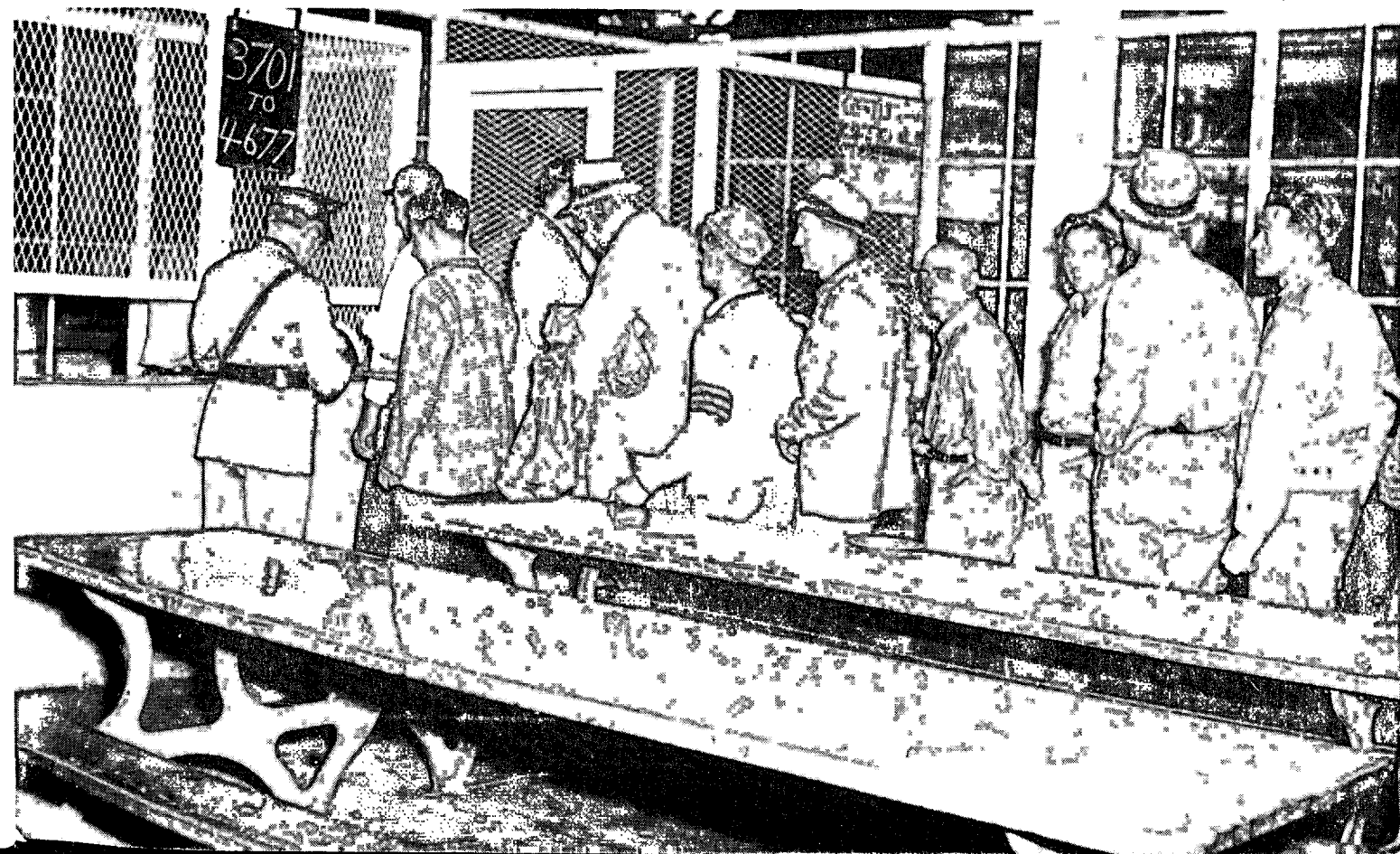
Top: Early assembly line

Bottom: Queuing for their cards. 1946



Popperfoto

Keystone



Frankenstein, were particularly badly beaten and thrown down the stairs.

Camera-men and reporters from the national press had their equipment smashed, were beaten up and chased in cars from the scene of the battle. This initiated a press campaign against Ford. In Kansas and Dallas union workers received similar treatment. Following these events there was a period of increased violence inside the factories. In a court case the company was found guilty of several violations of federal law, and eventually, after the discharge of eight workers for union agitation, the workers struck, picket lines were set up and barricades erected.

Eventually the strikers won, an election was held and 70% of the workers voted for the union. A contract was drawn up. In exchange for dropping all the cases against Ford the union received its most generous contract ever.

Ford's son, Edsel, died in May 1943 and Ford himself, 80 years old and completely unfitted for the organisational task necessary, assumed the company presidency.

With company organisation in a chaotic state, the War Production Board and the Armed Services felt that the production of B24 aircraft at Ford's Willow Run plant was under threat. In August 1943 Henry Ford II, the old man's grandson, was released from the Navy and sent to sort things out.

On September 21st 1945 Henry Ford II was formally elected president of the company after Edsel's wife had threatened to sell her Ford stock if Henry I did not hand over the reins. Bennett was ousted, and Henry Ford II found himself in charge of an ailing giant of a company losing \$10million a month. Without war contracts and money stashed away in various banks the end would already have come. Now that war production was over, the cash reserves were diminishing fast, and Ford was losing \$300 on every car sold in competition with Chevrolet.

Henry Ford II

Practically the first act of the new presi-

dent was to sack 1,000 employees, and in the course of his first year at the helm no less than 32,000 Ford workers in the USA lost their jobs.

During the war productivity had fallen 34%, and according to workers at the Rouge plant 'the place was running wild'. Wildcat strikes were frequent, and with wages having been frozen since the beginning of the war, the recently recognised UAW put in a major claim. Henry Ford II used a tactic to deal with this situation that has been part of management's armoury ever since. He bought off the claim — but got the union to police its own members. The company agreed to an 18½% rise, while the union 'took definite steps' to control its membership, agreeing that its members could be fired for instigating or taking part in work stoppages.

The first Henry Ford built, and then all but ruined, the Ford Motor Company by autocratic rule. The second Henry Ford maintained the prerogative of the final decision in all major matters. He also bought in all the help and skill he could to reorganise the company, get the accounts in order and replan production and marketing.

General Motors was the industry leader because it had wedded the production techniques of Fordism to the marketing strategies known as Sloanism after Alfred P. Sloan Jr., president and chief executive officer of GM from 1923. To these GM had also added a system of company structure and financial control. The Ford Motor Company had attempted to survive through Fordism alone, and as a result had lost its market supremacy to GM in the twenties.

Determined that now was the time to compete with GM on more equal terms, Henry Ford II lured across Ernest Breech from GM to teach Ford management the GM system.

Scores of GM men came over with Breech. The Ford Motor Company became decentralised into divisions, with a strict profit orientation, research and development investments, and scientific costing. Management personnel were made com-

petitive with one another, both for divisional profits and for the rewards on a personal level of financial bonuses and upward mobility in the hierarchy. A group of ex-Service officers to be known as the Ford Whizz Kids were hired, including Robert McNamara, who was to become a Ford president, US Secretary of Defence, and president of the World Bank. But for all the new talent hired for the reorganisation Henry Ford II firmly retained the ultimate authority.

The Ford family has always insisted on financial control of the company, and, given that control, has never been able to resist the opportunity to wield personal as well as financial power via the top executive position. The family's financial control was threatened on the death of Henry Ford I by the prospect of having to sell large amounts of shares in order to pay death duties, as the Roosevelt New Dealers had jacked up inheritance tax to 91% to help pay for the new social welfare measures being introduced.

Ford Foundation

Between them Henry Ford I and his son Edsel had owned 96.5% of the Ford Motor Company stock, with Mrs Henry Ford owning the other 3.5%. Edsel, with 41.5% had established trust funds for his four children, thereby circumventing the inheritance tax laws. Henry Ford I, however, had resisted all attempts to break up his majority holding.

'As matters stood at that crucial juncture, the government waited anxiously in the wings for its whopping 91% of the estate — unless, of course, the experts should conjure up an eleventh hour loophole. Thus was born the Ford Foundation for Human Advancement' (Demaris).

The Foundation had actually been incorporated in 1936 with a \$25,000 grant, and had made small grants in and around Detroit, most of which were beneficial to the company. The charter of the Foundation stated, 'The purpose, or purposes of this corporation are as follows: to receive and administer funds for scientific, educational and charitable

purposes, all for the public welfare, and for no other purpose . . .'

After Henry Ford I died in 1947 at the age of 83, 88% of Ford Motor Company assets in the form of a new issue of convertible non-voting stock — Class A shares — were handed over to the Ford Foundation. The family retained the non-voting stock — Class B shares.

'On the foundation's books this (stock) was given the value, for tax purposes, of \$416million, but its real value, as measured by the earnings of Ford Motors, was at least \$2½billion' (Macdonald).

The deaths of Henry Ford I and Edsel Ford realised a combined inheritance tax (on property other than Ford stock) of \$30million. This was on total assets with a market value of over \$3billion — i.e. 1%. Thus financial control stayed in the family — and the Ford Foundation embarked on its own growth and significance.

Beginning in 1956 the administrators began to diversify the portfolio following the going public of the Ford Motor Company. Large blocks of stock were sold back to the company, which converted it to voting securities which were gradually put on public sale.

'The family retained possession of 40% of the voting rights in the form of 2,700,000 Class B shares. In all it held 12.1% of all Ford stock. It was enough to ensure that Henry Ford II ran the Ford Motor Company as he liked. The sale also provided the Ford Foundation with an initial \$640,725,445' (Beynon).

By 1969 the Ford Foundation had reduced its holding of Ford's outstanding stock to 25%, but its other investments were paying dividends, and at the end of fiscal 1971 the Ford Foundation had assets of \$3.2billion. It has turned into a multinational operation of great political influence, dispensing large sums of money, particularly overseas. It has far more overseas staff than home staff, and has extended the influence of Ford money and ideology with a strong emphasis on those Third World countries considered to be 'politically sensitive'. For example,



River Rouge strikers winning the long and bloody battle for unionisation. 1941

Keystone

The penalty for attempting to organise at Ford



between January 1965 and November 1967 the Foundation made direct \$US grants to at least 25 foreign governments or regions, including UAR, Jordan, Lebanon, Zambia, Nigeria, Pakistan, India, Ivory Coast, Syria, Iraq, Tanzania, Mexico, Kenya, Tunisia, Antigua, Cameroon, West Bengal, Chile, Brazil and Nepal. The strategies of company and foundation have not always coincided.

In the early 1970s the Foundation gave a \$99,700 grant to help establish a school in Tanzania for Mozambiquan refugees from the then Portuguese colonial power. The Portuguese Foreign minister attacked the Foundation for allegedly financing the 'Liberation Front of Mozambique'. Pressure was brought to bear on the Ford Motor Company's assembly plant in Lisbon. The grant was terminated, and the *New York Times* reported that 'The Ford Foundation is reported to have assured the Government of Premier Salazar that it would be consulted before any future grants are given to African areas of particular interest to Portugal...'

The Director of the American committee on Africa sent a telegram to the Ford Foundation President, complaining that 'the Ford Foundation is being used for political purposes by the Ford Motor Company and tax status should be open to examination by the Bureau of Internal Revenue. The fact that a grant for educational aid to Mozambique refugee students was recently terminated by the Ford Foundation is interpreted as willingness of the Foundation to yield to pressures of the Motor Company and Portugal.'

Despite the heavy capital expenditure demanded by the post-war reorganisation and the introduction of a brand new post war model (instead of an updated 1942 model), the Ford Motor Company showed a profit of \$177million in 1949. This was the beginning of competition on a model-for-model basis. The new Ford was a direct competitor with GM's Chevrolet, gaining steadily on it as the new annual versions came out, until by 1954 it was close to outselling Chevrolet. Ford, however was using two body shells for 97% of its production at this time, while GM had a far wider range, particularly in the larger car sector, of the market — the

sector which provides the greatest profit margins. In 1955 Ford started to plan the extension of its own range in order to challenge the GM and Chrysler stables on a wider front.

Unlike the Europeans, the Americans had no desire for a small car. The import market was practically non-existent, and the small foreign cars that found their way into the country were looked on as curiosities. Yet by 1968, the home industry was sitting up and taking notice of the half million VW sales in the USA in that year.

'Small cars give Detroit big headache' claimed the *Washington Post* with some accuracy. VW led the importers by a wide margin. Ford had tried to buy up the VW company after the war without success. GM however was making Opels in Germany, and imports of these came second. On the West Coast in particular Toyota and Datsun were making their first appearances.

The American car makers grumbled about import penetration, and Henry Ford in particular complained about the Japanese on the grounds that competition was all very well, but the Japanese unfairly did not allow American producers into their country. However Ford was busily building up its overseas operations, especially in Europe, and activity in the USA was confined to the continued competition with GM and Chrysler.

Throughout the 60s the American auto industry spent a large portion of its net profits on expanding production facilities. GM and Ford relied almost entirely on internally generated funds, while Chrysler had a far greater dependence on the capital market.

Working from the overseas base originally built up by Henry I, overseas expansion, particularly in Europe, also went ahead at a considerable rate once Ford was back into profit. Due partly to the original extent of Ford's overseas base, and partly to the fact that GM's strength lay in the profitability of large American cars while the European market was concentrated around smaller model sizes, from 1965 onwards Ford's operations overseas have

given Ford an advantage over GM in the external market.

Ford's capital plant and equipment has been increased in value by \$4,064.1-million, or 268%, over the period 1960-1976 from \$1,516m. to \$5,580m.

US Plant Locations

Motor Vehicle Assembly Lines

Atlanta, GA	Wayne, MI
Chicago, IL	San Jose, CA
Dearborn, MI	Twin Cities, MN
Lorain, OH	Wixom, MI
Pico Rivera	Oakville, Ont
Los Angeles, CA	St Thomas, Ont
Kansas City, MO	St Louis, MO
Louisville, KY	Michigan Truck
Mahwah, NJ	Norfolk, VA
Metuchen, NJ	Canada Truck, Ont

Engine Assembly Lines 1976

Lima, OH	Fairfax, OH
Cleveland, OH	Livonia, MI
Windsor, Ont	Sharonville, OH

Automotive Component Plants

Castings	
Sheffield, AL (Aluminium)	Dearborn, MI
Flat Rock, MI	Cleveland, OH

Metal Stampings	
Chicago Heights, IL	Buffalo, NY
Woodhaven, MI	Maumee, OH
Cleveland, OH	
Dearborn, MI (Tools and dies)	

Chassis
Indianapolis, IN (power train, cold formed parts)
Dearborn, MI (frames)
Sterling Heights, MI (Rear axle, Front end suspension, drive shafts)
Monroe, MI (Wheels, coil springs, bumpers)
Canton, OH (forgings)

Industrial engines and turbine plant
Dearborn, MI

Steel
Dearborn, MI

Glass
Dearborn, MI
Tulsa, OH
Industrial and Chemical products
Mt Clemens, MI (Paint, vinyl products)
Utica, MI (Soft trim)

General Parts
Plymouth, MI (Heaters, air cond'ners)
Rawsonville, MI (Carburetors, powdered metal parts, alternators, small motors, fuel senders, master brake cylinders)
Saline, MI (Plastic parts, instruments)
Ypsilanti, MI (Horns, distributors, ignition components, shock absorbers, starters, regulators, ignition coils)
Green Island, NY (Radiators, leaf-springs, heater cores)
Sandusky, OH (Lamps, starter drives, zinc and aluminium die cast parts, window regulators, air cleaners, oil filters)

The Multinational

The Direct Investment confers advantages that no importer could enjoy. A company that apparently provides jobs and export earning is not treated in the same way as an importer of foreign goods.

The International Division was formed in 1949 to co-ordinate the activities of the company's 36 overseas subsidiaries. Today there are 55 active overseas subsidiaries, operating in four major groups: Europe; Latin America; Asia-Pacific; and Mid-East and Africa.

In 1976 International Operations accounted for 31% of the company's sales, 44% of its profits, and 46% of its employment. Given the saturation of the American car market, and the squeeze on profit margins, these shares are likely to grow.

in the three years to 1979. In the previous five years it spent some £2,300m, including several major projects such as the Valencia plant. No major new construction projects are planned.

Sales in Europe accounted for 20.3% of Ford's total sales in 1976, and a much larger 31% of total profits. The increases in earnings outside the United States and Canada during 1975 and 1976 primarily were attributable to European operations. (Annual Report 1976).

Ford make five passenger cars in Europe:

Data by Geographic Area 1976		(money in millions of \$, employees in '000s)					
	Sales	%	Net Profit	%	Investment	%	Employees
US & Canada	19858	69	546	56	351	64	235.9
Europe	5847	20	305	31	160	29	133.8
Latin America	1783	6	71	7	33	6	49.9
All other (mainly Asia-Pacific)	1352	5	61	6	7	1	24.3
Totals	28840	100	983	100	551	100	443.9

In 1976 Ford's share of the world car market outside North America was 9.5% with 1.5m cars sold. Ford's major competitors outside North America were Toyota, with a 9.8% share of the car market, Volkswagen with 9.5%, Nissan with 9%, General Motors with 8.4% and Fiat with 8.3%. Ford trucks sold 348,000 units, giving a market share of 8.5%.

Ford Europe

The heart of Ford's international operations is Europe, where some two thirds of the company's overseas sales take place. Ford of Europe co-ordinates the activities of 15 separate national companies with 135,000 employees in a market of some 350m people. In 1976, Ford had record sales of 1.2m cars and trucks. Car sales, up 30% from 1975, totalled 1.1m exceeding the 1972 record by 38,000 vehicles. The 30% increase in Ford sales compares with a 13% rise in total European car sales, and brought Ford's market share up to 11.2% from 9.8%. Sales of Ford-built trucks were 144,000 in 1976, compared with 127,000 in 1975: a market share of 13%.

Ford plans to spend some £800m on expansion and modernisation in Europe

the Capri; Cortina (Taunus); Escort; Granada; and Fiesta. These five cars are assembled at nine centres, and no model except the Granada is dependent on one centre alone. The Granada is built only at Cologne (Germany), the Escort at Cologne and Saarlouis, while the Cortina (Taunus) and the Escort are built in both Germany and Britain. The Fiesta is built in Spain for most of Europe, in Germany for Europe and export to the US, and in the UK for Britain, Scandinavia and Belgium. Models are assembled in other countries in Europe, such as Portugal or Ireland, but this is for local distribution only.

Ford vans are built in Genk (Belgium), and Southampton (UK), while lorries are manufactured at Langley (UK: A and D series) and Amsterdam (Transcontinental). Production of lorries was centralised at Langley to be in a position to assault the European market when Britain entered the EEC, but this strategy was not especially successful.

Tractor operations are co-ordinated from Basildon (UK), and assembly also takes place in Antwerp (Belgium). The acquisition in 1971 of Richier S.A. of France brought Ford into the industrial

machinery market, and this subsidiary makes earth moving equipment, excavators and so on. Although only the Cortina/Taunus engines are made in two plants, all but the small Fiesta engines are used in at least two different models. The three major centres of engine production are Cologne (Germany), Dagenham (UK) and Valencia (Spain).

Ford U.K.

Ford is now the largest seller of cars in the UK. It took market leadership from Leyland in the first six months of 1977, more as a result of Leyland's weakness than of any surging forward of its own. However, the Ford Cortina and Escort were comfortably ahead in the UK car sales league, and all five of the company's passenger cars were in the top ten list:

Retail Car Sales: UK-January to June 1977

1. *Cortina	70,911
2. *Escort	54,134
3. Marina	35,536
4. Allegro	31,059
5. Mini	31,035
6. Chevette	30,413
7. *Fiesta	23,777
8. *Capri	22,408
9. Cavalier	20,810
10. *Granada	18,470

*Ford

Ford had a 27.1% share of the UK car market, with 190,000 cars sold in the first six months of 1977

1976 was a record year for Ford UK — it swept to record profits and exports, with a substantial increase in productivity and a 20% improvement in vehicle sales. The number of Ford workers rose by about 1000 overall to 68,000, but they produced 600,000 vehicles, against 532,000 the year before. On a crude productivity gauge this means that Ford went up from 7.95 vehicles per worker (including tractors, trucks and cars) to 8.83 vehicles per worker in 1976.

The company's profits, at £121.6m pre-tax, were almost double the previous high of £65.4m in 1973, and compare with profits of £14.1m in 1975. The value

of direct exports (i.e. ignoring imports) went up almost 49% from £452.3m in 1975 to £631.8m in 1976, as Ford took full advantage of the falling price of sterling. The actual number of vehicles exported rose too, however, by 27% to 406,000. Ford reversed the trend of the previous few years toward rapidly increased bank borrowings, and reduced its loans by half, from 129.2m to £63.4m. It had sales of £1.6b compared to £1.1b in 1975.

'The Ford results demonstrate just how well-run companies, especially exporters, can have benefitted from recent Government concessions. While the group's wage bill, thanks partly to the Pay Code, rose by 19%, sales jumped by 42% (slightly faster, in fact, in the home market taken separately). Only £7m of tax is payable.' (*Financial Times* 26.3.77).

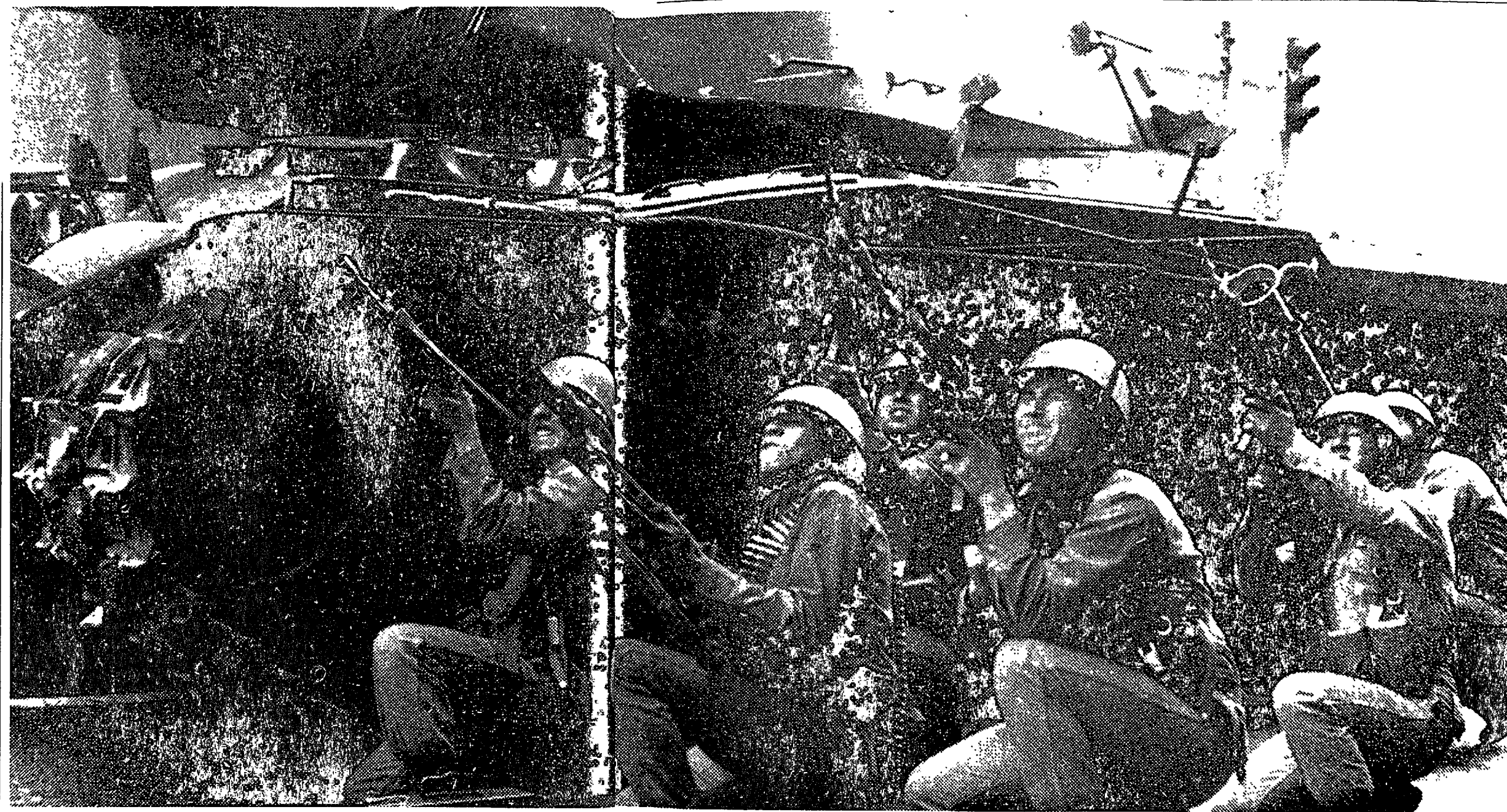
Plant	Employment
Dagenham	29,000
Halewood	14,000
Leamington	1,400
Basildon Tractor	3,700
Basildon Radiator	900
Dunton	3,500
Belfast	1,000
Daventry	1,500
Enfield	1,300
Warley	1,750
Southampton	4,000
Swansea	2,000
Aveley	900
Woolwich	600
Croydon	300
Treforest	400

Ford Germany

After North America and Japan, Germany is the largest vehicle producer in the world. It is the largest producer in Europe, and second largest vehicle exporter in the world after Japan, ahead of France, Canada and the US. Ford-Werke A.G. is Ford's biggest overseas subsidiary.

European car and truck production 1976

Germany	4.3m
France	3.4m
Great Britain	1.7m
Italy	1.6m



1976 was an excellent year for Ford-Werke, and the production losses sustained during the recession years of 1974 and 1975 were made up. A record 812,800 cars and trucks were produced, an increase of 28.1% over 1975, helped by the introduction of the Fiesta in May 1976.

Production by plant

	1976	1975	% change
Cologne	242,117	194,142	24.7
Saarlouis	244,490	218,993	11.6
Genk	326,191	221,401	47.3
Total	812,798	634,536	28.1

The Capri and Granada were assembled in Cologne, the Fiesta and Escort in Saarlouis, and the Taunus (Cortina) and Transit in Genk. Although Genk is sited geographically in Belgium, the plant is accounted as part of Ford Werke. Engines for the Pinto and Mustang were exported to the US from Cologne, over 4000 kits for Granada assembly in South Africa were produced, as was production material for Taunus (Cortina) assembly in Holland. The average daily production of vehicles was about 3,500 units.

Domestic sales of Ford vehicles were 354,915 units, an increase of 13.3% over

1975. This included 10,500 imports, mainly from Holland, Britain and the US. The rest of Ford-Werke's production, 466,723 units, was exported — a rise of 41%.

Ford is the third largest vehicle producer in Germany, after Volkswagen and Opel (GM). In the commercial vehicle market, Ford maintained its share in a static market with Transit vans, the A and N series (the N series was specifically designed for the German market, based on the successful D series that had sold in Britain), and the heavy 'Transcontinental' from Amsterdam.

Ford Werke employed 52,900 workers at the end of 1976, of which over 42,000 were hourly paid manual workers — a large proportion of these were immigrant workers.

Cologne	31,316
Genk	11,267
Saarlouis	7,852
Wulfrath	850
Duren	11,644
Total	52,929

This was an increase of 5,000 over 1975 — although 8581 workers were laid off in 1974 and 1975. Ford claimed record

Chile's reign of terror begins, backed by the Ford Motor Company

profits in 1976 of DM627.8m (£159.7m), up 121% on 1975, and paid DM720m (£183m) in dividends.

Ford Latin America

As recently as the beginning of 1975 Ford was saying 'Latin America — increased share of larger market'. In November 1974, Ford of Latin America was formed to co-ordinate the activities of Ford's subsidiaries in Argentina, Brazil Mexico,

Uruguay and Venezuela, and direct sales operations in many other Latin American countries.

At that time Ford had 980 franchised dealers in the area, and sales of cars and trucks were 235,900 and 120,300. (Compare with Europe's 1.2m). This represented 16.9% of the entire Latin American car market, and 25.4% of its trucks. Unlike the rest of the world, these markets were still growing.

In the first four months of 1977, sales of vehicles fell to 281,215 vehicles — a full 10% on the same period in 1976. Ford and General Motors are the worst hit.

Over 1000 of Ford's 22,000 workers in Brazil were laid off between January and March 1977, and more have since lost their jobs. According to Lee A. Iaccocca, Ford's President, Ford is losing \$250 on every car manufactured in Brazil. Ford makes medium sized and large passenger

Argentina

In 1973, in its Annual Report, Ford wrote 'In a series of attacks during 1973 against several foreign and locally owned businesses in Argentina, terrorists killed two employees of Ford in Argentina and wounded three others. Since these tragic events, the Company has received assurances from the Argentine government that it will provide for the safety of Ford's employees and facilities, which have been placed under military protection.' A little later Ford moved all its non-Argentinian staff, some twenty people, mostly American, to neighbouring Uruguay.

The sort of military protection Ford receives from the Argentinian government today is revealed by items like this: 'More than 9000 car industry workers defied a military Government ban on strikes, and yesterday continued stoppages . . . the Government decreed jail terms of one to ten years for strikers.' (*Financial Times* 10.9.76). The Argentinian regime is perhaps the most systematically repressive in the whole of Latin America — torture of prisoners is commonplace, and hundreds of trade unionists languish in jail.

Beset by inflation, and the general economic recession, the Argentine car market fell by 15% in 1975, and a further massive 25% in 1976. Ford have just been holding their share in this shrinking market . . . but Argentinian Ford workers did not.

Market Share	1972	1976
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Cars		
Units sold	29,095	19,760
Market Share	14.8%	15.2%

Trucks		
Units sold	18,900	13,104
Market Share	29.3%	27.3%

Ford also has an Argentinian subsidiary Transax, which is the local industry's primary source of axles.

Venezuela

Venezuela's population — although relatively small at 12.6 million — is seen as one of the richest markets for car-makers in all Latin America.' (*Financial Times*

Ford South Africa

'Brightest spot on the South African motor industry scene', is how the South African newspaper *The Citizen* described Ford's Cortina assembly plant at Port Elizabeth in August 1977. Ford has been selling cars in South Africa since 1928, but in 1961, after the Sharpeville massacre and the South African withdrawal from the Commonwealth, their investment was stepped up. The Government, in an attempt to insulate South Africa from external economic and political pressure, introduced a local content plan, restricting the import of cars, providing tariff protection for locally produced parts, and awarding bonus import permits to firms using more locally made parts in their cars.

As a response, Ford announced plans to build a new engine assembly and machine plant, costing \$11.2million. The complex at Port Elizabeth currently produces cars and trucks, and Ford is now the largest motor manufacturer in South Africa. It has a market share of about 20%, and its 1976 sales, which were not especially high, totalled \$288million.

Ford is very sensitive about its presence in South Africa, and makes a great play of its 'progressive' labour policies. In May of 1977, together with other US companies in South Africa, it signed a 'Manifesto' on black employment practices. The Manifesto calls for non-segregation of eating and work facilities, equal and fair employment practices, equal pay and an increase in the number of Blacks in management and supervisory positions.

In an interview in *The World* before it was banned, Ford's public relations manager said that the principles were nothing new to Ford, and "as far back as 1971 our company introduced equal compensation and fringe benefits for all."

This is true as far as it goes. The figures do show an increased number of Blacks



in the higher grades between 1972 and 1977. Yet the majority of black Ford workers are paid only 50% above the Poverty Datum Line — 'absolute bare minimum for survival. This works out at about £20 a week for a family of five. In 1976 a white family of four living on £74 a week got headlines and the 'housewife of the year' award from the *Johannesburg Star*. Subsequently, doctors recommended additions to the family's diet as it was 'deficient'.

Collaboration

The real reason for Ford's 'progressive' labour practices is revealed in its Annual Report for 1972. 'The demand for skilled workers and technicians of all kinds is growing faster than the supply. Since whites are fully employed the coloured and African population must be increasingly depended upon to fill such positions.' This is why Ford petitioned the Minister of Labour to have the quota for the proportion of black workers allowed in Port Elizabeth raised from 55% to 76% for Ford factories.

In 1973 Ford justified its collaboration with apartheid by saying that industrialisation in South Africa could bring social changes that would benefit all racial groups. After the massacres in Soweto and the other African and Coloured townships, this position is increasingly untenable. Nevertheless, in June 1977, shareholders at Ford's general meeting rejected a call for Ford to shut down its South African operations, and cease buttressing the apartheid government. The proposal to sever links with South Africa, sponsored by several church and religious groups, was countered with the old argument that Ford could do more for race relations in South Africa by remaining there.

Other US companies have in fact pulled out — Polaroid being the most notable example. But Ford is determined to stay as long as it is profitable to do so. The alacrity with which it pulled out of Chile, India and Peru when conditions didn't suit it shows how fast it can move if it wants to.

Retail Sales of Ford Cars and Trucks Brazil

	Cars	Market share	Trucks	Market share
1976	127,160	17.0	42,340	29.0
1975	122,978	17.3	49,257	33.3
1974	130,215	19.0	47,483	32.6
1973	105,680	17.6	39,059	29.7

Since then, after two years as 'a major bright spot on the world automotive scene', the recession has caught up with Latin America, and far from continuing to grow, vehicle sales have declined. Total car sales fell 3% in 1975, a further 1.2% in 1976 and more in 1977. Truck sales were static in 1975, and fell 1% in 1976. During 1976 Ford's car sales dropped 5% to 212,000 cars — a 15.6% share of the market. Truck sales rose from 115,000 to 116,000, a 23.7% market share.

During the early 1970s, Ford invested heavily in Latin America, adding some 360,000 square feet to their facilities in 1973, and 1.4 million sq ft in 1974. Capital expenditures have fallen since, to \$47m in 1975 and \$33m in 1976.

By 1976, 6.2% of all Ford's sales were in Latin America, and this represented 7.2% of Ford's total profits.

Ford Brazil

Brazil is the largest and most important vehicle market in Latin America. For the ten years till 1975 the Brazilian car market grew at an average 20% a year. In 1975 the whole Brazilian economy suffered a sharp decline, petrol prices rose by more than 75% and the car market grew only 3%. In 1976 it grew just 5%, and the signs are that 1977 will show a fall in the market of 10 to 15%. Ford is the third largest manufacturer in Brazil, after Volkswagen and General Motors.

cars, and petrol and diesel lorries, in Brazil, and has been particularly hard hit by recent Government measures to restrict petrol consumption.

Ford of Brazil lost Cr153m (\$11.2m) in 1976, after a net profit of Cr119 million (\$8.7m) in 1975. During April 1977, Ford cut its car output by 47% to only 3,502. The Sao Paulo based motor industry had sacked around 5,500 car workers by April 1977.

Ford had been expanding its investment in Brazil before 1975. Production of four cylinder engines began in 1974, following completion of engine and casting plants at Taubate. During 1974, stamping and assembly capacities were increased. A new tractor manufacturing and assembly complex started production in 1976 — aimed at the heavy tractor segment of the fourth largest tractor market in the West. In 1976 too, Ford of Brazil began shipping engines to Japan, where Toyo Kyogo manufactures pick-up trucks that are then exported to Ford US for sale in the United States.

Ford has been operating in Brazil since 1920 — between 1925 and 1927 three new assembly plants were built. In 1967, Ford took over Willys Overland do Brazil — the second largest manufacturer of cars and trucks in the country, with more than 3000 dealers, 9000 workers and three assembly plants.

2.11.76). The Venezuelan economy, cushioned by large oil exports, has not been immune from the fluctuations of the world economy, but it has pulled out of recession faster than the rest of the continent.

In 1975 the Venezuelan motor industry lost around \$28m, and in 1976 nearly \$50m. Strict government price regulations, plus credit restrictions on the purchase of new passenger cars are hitting the big three US motor manufacturers, who between them account for some 85% of all cars assembled in Venezuela. Ford claimed a loss of \$10.7m in 1975.

The Venezuelan government is trying to impose increases in the locally-manufactured content of vehicles, from 58% in 1977 to 90% by 1985. Its detailed development plan calls for outlays of about \$465m, largely by the car firms; and the creation of about 20,000 new jobs in the industry. The US companies are claiming they cannot possibly afford this investment unless price restrictions are lifted — but the Venezuelan government believes that parent companies are earning money on Venezuelan sales while local affiliates accumulate book-keeping losses.

By 1977, Venezuela's economic fortunes had recovered, and the car market was showing a rise of more than 12%. With two major aluminium projects under way, the country is set to be one of the largest producers in the world. In a personal visit, Henry Ford II said that Ford was interested in the possibility of using Venezuelan made aluminium for lighter vehicles to be manufactured in the US in the years to come. He announced an \$18m investment in expansion of Ford facilities in 1978.

In 1975 Ford had retail car sales of 25,500 — up from 1974's 23,200 which was 29% of the market. Truck sales in 1974 were 12,100 or 31.8% of the market. Sales rose to 16,100 in 1975. In 1976 total sales were 31,178.

Mexico

In 1965 Ford began manufacturing cars and trucks in Mexico, under a government approved programme. At this time, the Mexican government was offering enor-



The Red Hot Test

mous investment incentives. By 1975 Ford was selling 34,700 cars, a 14.9% share of the market. The next year the Mexican car market fell some 14½%, and Ford car sales fell to 22,800 — bringing its share down to 11.4%. Trucks, however continued to grow — from 23,166 in 1975 to 24,360 in 1976. This despite the fact that the truck market fell 10%. Ford's market share rose from 19.8% to 23.2%.

Ford Asia-Pacific

'Asia-Pacific automotive operations is the smallest component of Ford's international car and truck group. However the region's vast size, growing population and significant reserves of natural resources provide the potential for rapid economic growth and substantially improved vehicles sales.' (Annual Report 1974).

With a third of the world's population, but only 2% of its cars, the Asia Pacific region seemed ripe for exploitation by Ford in the late 1960s and early 1970s. The area offered a vastly underemployed population, very low wage rates, and governments such as those in South Korea, the Philippines and Taiwan who would use military force to ensure a docile work force.

Ford Asia-Pacific, organised in 1970, co-ordinated subsidiaries in Australia, Japan, Malaysia, New Zealand, the Philippines, Thailand, Singapore, Taiwan and dealer assemblers in Korea, Indonesia and Malaysia.

In 1972 Ford Philippines introduced the Fiera — the Ford version of the 4 cylinder

1300cc 'asian car'. Based on a simple cab-and-chassis format, and available in a wide variety of body configurations, Fiera components are produced by more than 150 suppliers in the Asia-Pacific region. Body parts are made in the Philippines, engines in Korea and Taiwan, and axles and transmissions in Indonesia.

The allocation of component production is controlled solely by Ford. When a local plant begins manufacturing, rather than importing a component, the price of that part is deleted from the price of the complete kit needed to assemble the vehicle. The deleted price is far lower than the price of the part when it is imported. A part may cost \$200 to import — but the assembly package without that part may be only \$60 cheaper than the complete kit. Assuming that the imported price reasonably reflects the cost of the part, then the difference of \$140 is transferred as profit to the parent company although there is no actual exchange of goods.

Ford Philippines was established in 1967, and Ensite, Philippines in 1971. The main task of this company was to raise funds for the stamping plant at Mariveles in the Philippines. This factory, which has a capacity of 70,000 vehicles a year, employs only 700 workers, in an area where unemployment is virtually 50%. It started production in late 1974, and uses sheet metal imported from Japan to make bodies, including Cortina bodies. During 1976, 15,000 sets of Cortina doors were exported to England. Body parts are also exported to Australia, New Zealand, Taiwan and Singapore.

In Taiwan, Ford bought a 70% interest in the Lio Ho Motor Company from Toyota in 1972, as Japan withdrew from Taiwan as Sino-Japanese relations improved.

Between 1968 and 1974 Ford's sales in the Asia-Pacific region had increased 150%, and in 1974 they rose a further 11%. In 1974 Ford predicted a 36% increase in the auto market (excluding Japan) between 1975 and 1980. However, 1975 saw a decline in the car market (excluding Japan) of 2%, and Ford car sales down by 8%. 1976 was even worse, and Ford sales fell by \$4 m.

Ford Australia

Australia is Ford's principal marketing and manufacturing centre in the region, and the management of most of the subsidiaries in the area is Australian. It was in 1925 that Ford of Canada established an assembly plant at Geelong in Victoria, and even today the ownership of many of the Ford companies in the area is via Ford of Canada and Ensite Ltd. of Canada — both of course owned finally by Ford.

Retail Sales in Australia: Ford cars and trucks

	Cars	%	Trucks	%
1976	103,936	22.4	26,360	19.1
1975	101,400	21.7	24,700	20.3
1974	108,700	23.0	22,300	19.5

By August 1977, Ford had gained market leadership, for the first time since the 1950s.

In 1975 Ford employed 12,000 workers in Australia in the following plants: Homebush, Sydney (assembly); Geelong, Victoria (foundry); Ballarat, Victoria; Broadmeadows, Victoria (assembly); and Eagle Farm, Queensland (assembly). Homebush assembled the Escort, and Eagle Farm the Falcon. Ford also sells the Fairlane, Cortina and LTD models.

Expansion

In 1975, Ford Australia produced its two millionth car. The casting plant at Geelong completed a modernisation programme, and the Homebush assembly plant was expanded. Sales of the new Escort assembled from kits imported from Halewood, UK, were a notable success.

In 1976, Ford announced a three year, \$77m programme for product development, towards 'an all-Australian car' — a replacement for the Falcon. In May 1977 a new A\$82m assembly plant outside Sydney to assemble Falcons and Fairlanes was announced. Its initial capacity will be 30,000 units a year, with possible expansion to 100,000 a year.

The Australian market has been increasingly penetrated by imports —

especially from Japan, and an attempt to increase local production by imposing local-content strictures and import tariffs is under way. Previous such attempts have been notably unsuccessful.

Ready built imports as % of new registrations

1974	31.8
1973	14.3
1972	8.5

In 1976 Ford of Australia reported a net profit of A\$22.5m, a record, and almost A\$4m higher than in 1975. Since 1970 sales had risen by \$397m to \$776m.

Ford Japan

"... what burns me up is that I can't go into Japan. We can't build, we can't sell, we can't service, we can't do a damn thing over there." (Henry Ford II)

Japan is the only major western car market that Ford has not yet penetrated to any significant extent, but since 1973 it has been taking steps to try and alter this. In 1974 it set up a subsidiary Ford of Japan, capitalised at Y250m to take care of Ford sales, and the unused plant at Yokohama was refurbished as a 'homologation' centre, to monitor Japanese regulations on emission control, and ensure that imported vehicles conformed. In 1974 the retail sales of Ford built cars were 6,800, compared to 6000 the year before. Clearly these numbers are tiny, in terms of Ford's volumes of production — but compared to the total number of foreign cars imported into Japan, less than 40,000 a year, they are not insignificant.

In 1975 Ford signed a sales agreement with Hisco, a subsidiary of Honda, Japan's fourth largest car maker. In 1977 this agreement was brought into action, with the import of Cortina Ghias from the UK, and 1.6 litre Fiestas from Germany. The cars will be distributed by 100 of Honda's sub-dealers throughout Japan. This is not the full Honda dealer network, but nevertheless will give the two cars a bigger nationwide coverage than any other imported cars except those bought by Yanase, which specialises in imports

and has several competing makes at once.

Sales targets are 1750 Fiestas a year, and 700 to 1000 Cortinas a year, plus an increase in the 2000 or so Mustangs, Bobcats and Monarchs from the US that Hisco have been selling.

Ford is the only American major which has no direct capital stake in a Japanese motor company. General Motors has a minority interest in Isuzu, Chrysler a holding in Mitsubishi Motor Company. In the late 1960s Ford had merger talks with Toyo Kyogo, but these broke down over the size of the Ford shareholding under the merger. Toyo Kyogo stands midway between the two top Japanese car makers, Toyota and Nissan, which are too powerful to admit foreign capital participation, and the smaller weaker companies which are increasingly moving into the orbit of the American motor industry.

The links with Toyo Kyogo were not completely severed, and the company manufactures the Courier light truck for Ford, which is imported into the US, in a 1.8 litre version manufactured entirely in Japan, and a 2.3 litre model, using engines exported from Ford Brazil.

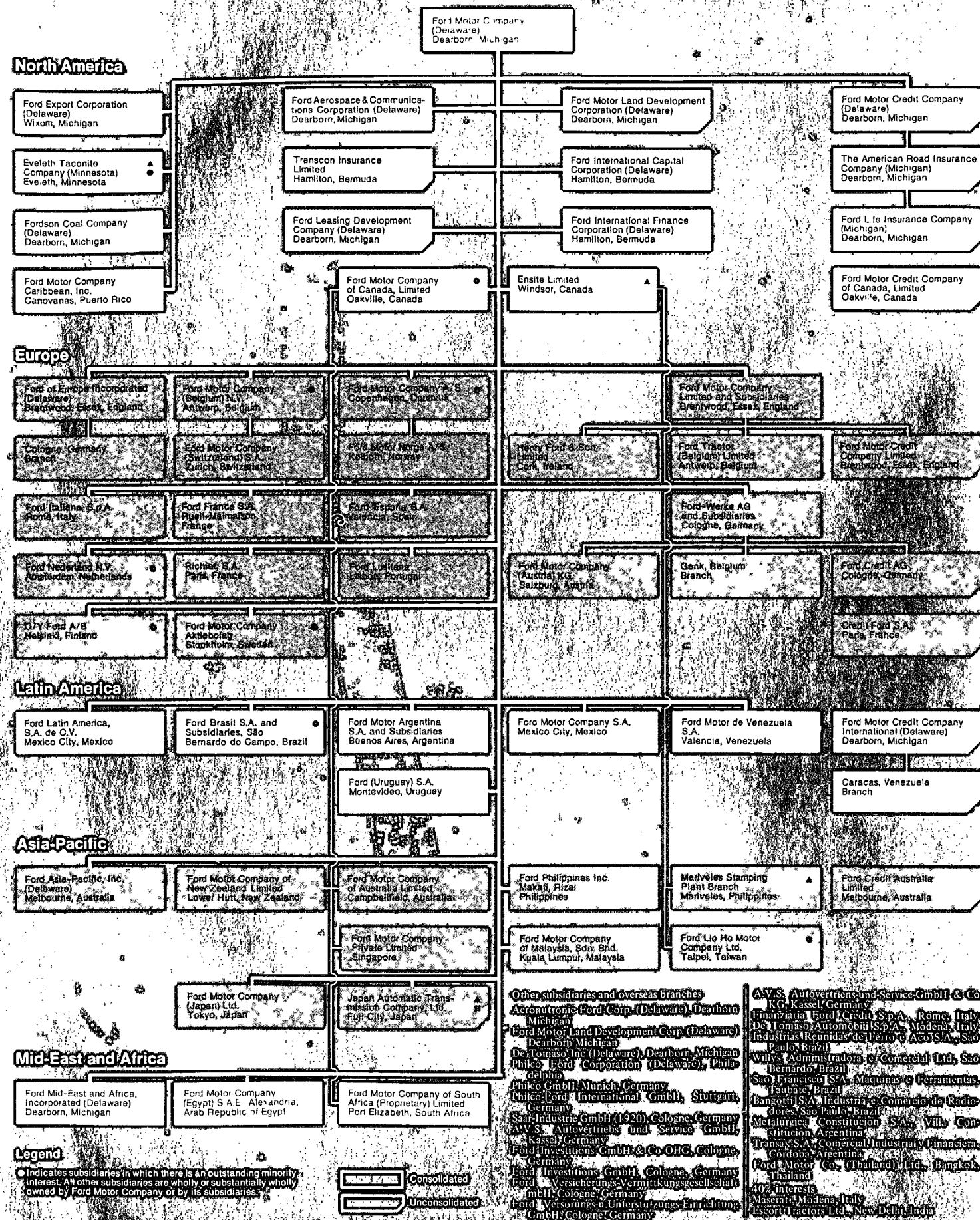
The microcomputers that control fuel emission, re-cycling ratio, ignition timing and other functions in Ford's 1978 models are manufactured in Japan by Toshiba.

Ford Middle East and Africa

In 1975 a new subsidiary was formed, Ford Mid-East and Africa, Inc, to develop markets that have a common product interest and a capability of trading with each other. The most important markets covered by the group are Morocco, Pakistan, Turkey, Senegal and Ghana, several of which have dealer-assembly, and there are subsidiaries in Egypt and South Africa.

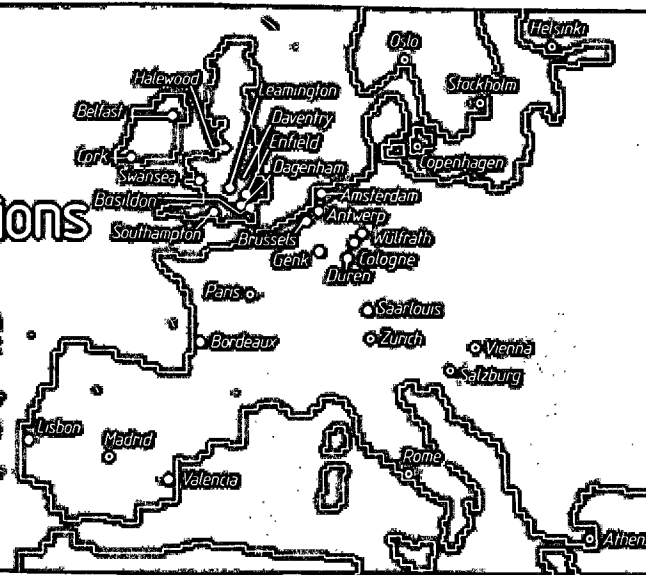
The South African company accounts for almost half the sales in this group — Ford of South Africa is discussed elsewhere in this report. The further development of Ford's Mid-East penetration depends above all on political developments in the area.

Principal Subsidiaries and Overseas Branches



Ford operations in Europe

Ford came to Europe over seventy years ago. Since then it has become one of Europe's leading industrial organisations providing employment for more than 135,000 people in 15 separate national companies.



Amsterdam (Netherlands)

Assembly Taunus and Transcontinental Truck ranges.

Antwerp (Belgium)

Ford Tractor, rear axle and transmission production. Final assembly Tractors.

Basildon (England)

Ford Tractor engine production, hydraulic heavy equipment. Final assembly Tractors.

Basildon (England)

Processes engine parts, front covers, valve rockers, cam followers, water pump assemblies for Kent, Essex, O.H.C. and Fiesta engine ranges. Similar parts for Dorset and York commercial vehicle engine ranges. Radiator assemblies for Escort, Fiesta, Cortina, Capri, Granada, Transit, A/D/N Series Truck ranges.

Suspension and rear axle components for Escort, Cortina, Capri, Granada A/D/N Series Truck ranges.

Belfast (Northern Ireland)

Carburettor and distributor production for all European Ford petrol engines. Units used in Escort, Fiesta, Cortina, Taunus, Capri, Granada, Transit and A-Series.

Bordeaux (France)

C3 Automatic Transmissions for Escort, Cortina, Taunus, Capri, Granada and Transit. C3 Automatics also shipped to USA for installation in Pinto and Mustang ranges.

Transaxle Plant produces transmissions for all Fiestas.

Cologne (West Germany)

Final assembly of Capri and Granada models. Trim for Capri, Granada, Escort and Taunus. Fuel tanks for Granada.

Chrome plating of bumpers for Escort, Fiesta, Capri, Taunus, Granada and Transit.

Plastic parts for Escort, Fiesta, Capri, Cortina, Taunus, Granada and Transit. Engine production for Taunus, Cortina, Capri, Granada and Transit.

Engine parts for Fiesta.

Engines also supplied to USA for Pinto and Mustang.

Suspension transmission and brake components for Escort, Taunus, Capri, Granada and Transit.

Forgings for brake and transmission components for Escort, Taunus, Capri, Granada and Transit.

Gear components for Fiesta.

Aluminium die castings for engines installed in Escort, Taunus, Capri, Granada and Transit. Die cast transaxle casings for Fiesta.

Cork (Ireland)

Final assembly Escort, Cortina.

Dagenham (England)

Final assembly Cortina and Fiesta models. Trim production for Escort, Cortina, Transit, A/D/N Series truck ranges, Fuel tanks for Cortina and Granada.

Stamping plant produces body panels for Escort, Fiesta, Cortina, Taunus, Capri, Granada, A/D/N Series Truck ranges. Wheel production for Escort, Capri, Cortina, Granada and Transit.

Engine production for Escort, Cortina, Taunus, Fiesta, Capri, Granada, Transit, A/D/N Series truck ranges.

Engine parts also produced for above models. Forgings for Escort, Cortina, Capri, Granada, Transit, A/D/N Series truck ranges. Suspension components.

Foundry production of engine castings for Escort, Fiesta, Cortina, Taunus, Capri, Granada, Transit, A/D/N Series truck ranges.

Duren (West Germany)

Rear axle production for Escort, Taunus, Cortina, Capri, Granada and Transit. Wheel hubs for Escort, Taunus, Capri, Granada and Transit.

Enfield (England)

Instruments, fuel gauge sender units, water temperature gauge sender units, engine spark plugs for Escort, Fiesta, Cortina, Taunus, Capri, Granada, Transit, A/D/N Series Truck ranges.

Genk (Belgium)

Final assembly Taunus and Transit models. Trim production for Escort, Taunus, Transit. Fuel tanks for Taunus.

Road wheels for Escort, Fiesta, Capri, Taunus, Granada, Transit.

Stamping plant produces body panels for Escort, Fiesta, Taunus, Cortina, Capri, Granada, Transit, A/D/N Series truck ranges.

Halewood (England)

Final assembly Escort. Trim production for Escort, Cortina, Transit, A/D/N Series truck ranges.

Fuel tanks for Escort. Stamping plant produces body panels for Escort Taunus, Cortina, Capri, Granada, Transit, A/D/N Series Truck ranges.

Transmissions for Escort, Cortina, Taunus, Capri, Granada, Transit, A/D/N Series Truck ranges.

Engine gear wheels for Escort, Cortina, Capri, Granada, Transit, A/D/N Series truck ranges. Suspension components for Escort, Cortina, Capri, Granada, Transit, A/D/N Series Truck ranges.

Langley (England)

Final assembly A/D/N/R Series commercial vehicles.

Machining axle and suspension components for Transit, A/D/N/R Series commercial vehicles.

Leamington (England)

Foundry production of engine components for Fiesta, Kent, Essex, O.H.C., Dorset, York engine ranges.

Brake parts for Escort, Cortina, Capri, Granada, Transit, A/D/N Series Truck ranges.

Transmission housings for Escort, Cortina, Capri, Granada, A/D/N Series Truck ranges.

Lisbon (Portugal)

Final assembly of Escort, Cortina, Capri, Granada, Transit and D-Series truck ranges.

Saarlouis (Western Germany)

Final assembly Escort, Fiesta, Capri. Trim production for Escort, Fiesta, Capri. Fuel tanks for Escort, Fiesta, Capri. Stamping plant produces body panels for Escort, Fiesta, Taunus, Cortina, Capri, Granada, Transit, A/D/N Series truck ranges.

Southampton (England)

Final assembly Transit. Body assembly for A and S-Series Truck ranges.

Stamping plant produces body panels for Transit, A/D/N Series truck range and Cortina.

Swansea (South Wales)

Rear axle production for Escort, Cortina, Capri, Granada, Transit, A/D/N Series Truck ranges.

Brake components for Escort, Cortina, Capri, Granada, Transit, and A-Series commercial vehicles.

Gearbox production for A/D/N Series Truck ranges.

Treforest (South Wales)

Spark plug insulators for all Ford petrol engines.

Valencia (Spain)

Final assembly Fiesta. Trim production for Fiesta. Stamping plant produces body panels for Fiesta. Fiesta engine production.

Woolwich (England)

Engine parts for Escort and Cortina models. Transmission parts for Escort, Cortina, Capri, Transit, A/D/N Series truck ranges.

Wuerlath (Western Germany)

Transmission parts for Fiesta. Suspension and steering components for Escort Fiesta, Taunus, Capri, Granada and Transit.

Prospects

"There are too many car manufacturers fighting over the world market."

In 1974 the world's motor manufacturers were faced with the unthinkable. After the previous year's record figures, sales plummeted, and cars started to pile up in the parking areas of Detroit and Wolfsburg.

As the recession deepened around the world, the stockpiles of cars grew, and by 1975 practically every car manufacturer had imposed short-time working and had got rid of large numbers of workers. In 1974 Ford shed 50,000 workers, British Leyland got rid of 28,000 and as the Volkswagen factories shut down migrant workers were sent back to Morocco and Turkey.

The two years of recession, deeper than any car manufacturer's worst nightmares, were traumatic for the whole industry. Even previously successful Volkswagen looked over the edge of bankruptcy, and Chrysler, smallest of the American big three, was driven deep into the red. For firms like British Leyland, it meant disaster and rescue by the state.

For the stronger motor companies the worst is apparently over. Profits are reaching new records, despite the fact that sales are still below their 1973 peaks, and most manufacturers are entering the 1980s with new model ranges. Investments are being stepped up. Over \$50-

billion is to be spent in the USA by 1985 to downsize the model ranges of the big three car makers. A total of nearly £7 billion will be invested by motor makers in Europe between now and 1982.

This apparently healthy situation is only skin deep, for most of the new investment is not going into new manufacturing capacity, but into raising productivity or refining engines and components to improve fuel economy and exhaust emissions. The fundamental problems of overcapacity that emerged during the recession have still not been solved. There are too many car manufacturers fighting over the world market, and the prospects for real growth in the near future are far from certain.

Unemployment in the OECD area, the leading industrial nations is currently at 16.3 million and expected to rise. Growth in plant and machinery investment will rise only moderately in most countries in 1978, and the US economy, saddled with an enormous trade deficit will grow more slowly in 1978 than it did in 1977. Forecasters are predicting that US car sales will fall by 6% in 1978. Japan's growth is expected to be just 1%, Europe's under 3%. Only major new pump priming can prevent Europe, Japan and Canada from slipping to the brink of recession by the end of the year, wrote *Business Week* at the end

Popperfoto

of 1977. Yet pump priming is the last thing that most governments, fearful of renewed inflation, are about to undertake.

What this means for the motor manufacturers is that any growth in the car market from its present levels is highly speculative, and that competition is going to be more fierce than ever before.

Ford, with its integrated production and the related economies of scale, and its aggressive production and marketing techniques, is in a very strong competitive position. The addition of the Fiesta and the luxury Granada means that it is competing in Europe over the full model range - threatening not only the popular car producers but also the luxury car makers.

It is precisely in periods of depressed or stagnant demand that Ford is most dangerous to other makers. Their competitive edge is such that Ford can sell all the cars it can produce - when the market is not growing fast this is at the expense of other manufacturers. Ford has the added advantages of access to American capital, its sheer size compared to its European competitors and the fact that it is not tied to any one European country.

The companies that have emerged from the recession in worse shape than they entered it are going to be hit even harder in the near future. This must mean further closures and redundancies as the industry is reorganised in the interests of capital. Already rumours are rife that British Leyland plans to axe a quarter of its workers. In the short term it will mean constant pressure by the employers on wage levels, productivity and flexibility of labour, and workers' organisation. We can confidently predict that Ford will be in the forefront of this employers' offensive.

Ford workers have proved their militancy and organisational ability at plant level in the past. Only by extending their fight back on international lines can they resist the depredations of what has now become the most global of global corporations.



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